

FINANCIAL TIMES

No. 25,569 Monday October 4 1971 ** 6p

Established 1820
SHOP, OFFICE
& INDUSTRIAL
PROPERTY
CONSULTANTS
Healey & Baker

JOHN D. WOOD & Co.
Auctioneers, Estate Agents,
Surveyors & Valuers
25, BERKELEY SQUARE, LONDON, W.1
Telephone 01-629 9050
and Edinburgh, South Wales, Southampton, Chelsea and
Kensington.

News Summary

GENERAL BUSINESS

Expelled Labour Russians aims at sail for home no-freeze pay policy

Over 180 Russians, an estimated 70-80 of them diplomatic and trade officials, expelled by Britain, left Tilbury for Leningrad yesterday on the 7,494-ton cruise ship Baltika.

Their departure came less than 24 hours after Pravda had named 19 Britons alleged to have been involved in intelligence activities in Russia, although the Foreign Office discounted the accusations.

The departing Russians included the head of the information department, Georgi Kuznetsov, and several other senior embassy personnel.

A security curtain was thrown around the departure pier as the Russians went aboard. As the ship left, an announcement in Russian over its loudspeakers, greeted with cheers, was followed by the strains of "If I were a Rich Man."

Meanwhile, in Moscow, some minor harassment of British diplomats and their families was reported.

Dublin curb on IRA publicity

The Irish Republic's State-operated radio and television services have been ordered to refrain from broadcasting any material possibly promoting militant Republican organisations, amid speculation that Premier Lynch is considering detaining some extremists.

In Ulster, a man shot dead by terrorists in Belfast yesterday was identified as an Agriculture Ministry inspector.

Thieu poll violence

Police clashed with demonstrators in Saigon as polling took place in South Vietnam's one-man Presidential election, in which President Thieu was heading for his expected landslide victory.

Smokers' choice

Health Education Council sign expected to go up in thousands of pubs, clubs and offices this autumn. No smoking. No smoking. No smoking.

Consul accused

Dominican Republic's missing Consul to Venezuela, Senora Thelma de Rodriguez, was found safe and well in Caracas, and police said she had arranged her own "kidnap". Earlier a note, purportedly from guerrillas, had been found demanding a ransom of \$1m.

Thames vigil

About 500 RAF men have been moved to Westminster, Kent, "on exercise" in case the Thames floods during this week's expected high tides. The Defence Ministry said there was "no emergency".

Sewell hunt

Police say they expect more information soon in the hunt for Frederick James Sewell in connection with a second murder, that of London business man Malcolm Heyman, 46, whose body was found near his cottage at Capel Gwynne, Carmarthenshire. Heyman and Sewell were reported to have had an association in London.

Briefly...

BBC Governors have set up an independent commission, led by Lord Parker, to consider public complaints of unfair treatment on radio or TV. Page 33

Referendum on EEC entry organised at Beckenham, Kent, by its Tory MP, Philip Goodhart, produced a majority of 170 in favour out of 7,344 voters cast. Page 33

Racing: Mill Reef won the Prix de l'Arc de Triomphe by three lengths. Dare Wigan. Page 3

Press Council, supporting a complaint against The Sun by Lord Linglewood, said journalists should not phone members of the public late at night unless there is "serious" reason. Page 33

Premium bond CP 280615 won this week's £25,000. The winner lives in Bucks. Page 33

Armed State Troopers quelled a four-hour riot by 350 prisoners at Illinois State Prison, Pontiac, Ill. Nine people were injured. Page 33

Mohammed Ali, in London en route to a boxing tour in Nigeria, said he would "whip Joe Frazier, then retire." Page 33

U.S. Grand Prix: Francois Cevert of France (Tyrrell-Ford) won from Jo Siffert (BRM) and Ronnie Peterson (March). Jackie Stewart was fifth. Page 33

Los Angeles police hunted a man who asked for Liz Taylor at her old residence—then shot the new occupant. Page 33

Houghton's fear of 'knives out'

Roy Jenkins stands firm in support of Market entry

BY JOHNBOURNE and PHILIP RAWSTORNE

BRIGHTON, October 3. On the eve of the Labour Party Conference's decision to oppose the terms for British entry into the Common Market, an unrepentant Mr. Roy Jenkins tonight passionately defended himself and other leading pro-Market leaders, and inferred that they would all vote for entry at the end of the Commons debate on October 28.

He did so in the knowledge that, by defying the will of the Party, he will increase the pressure on anti-Market leaders. But he did not hedge.

Earlier, he was present when the National Executive of the Party decided to ask for the withdrawal of all Common Market motions in tomorrow's debate in favour of the executive's policy statement opposing the entry terms. Any attempt by anti-Market leaders to commit the Labour Government to pull out of the Common Market is therefore unlikely to make headway this week.



Mr. Roy Jenkins

Uncommitted

Mr. James Callaghan, the main speaker in tomorrow's debate, assured the executive tonight that he would say that the next Labour Government would maintain its "freedom of action." This is a phrase which goes nowhere near a pledge that Labour should "pull out."

He is said to have argued that the Labour Party was not committed to the Common Agricultural Policy, economic union nor the value-added tax, and that it had to reserve its position on these issues and try to "renegotiate them" with the Six.

Mr. Jenkins made a firm stand on the Market at a packed meeting of the Labour Committee for Europe in one of the conference hotels. He said: "There are many of us who cannot and will not, whatever the difficulties, allow the name of Labour to be used to attack the Market."

As deputy leader, and warned: "Differences of opinion on policy can be dangerously widened into a Party split if the knives come out and vendettas emerge."

And Mr. George Thomson, another leading pro-Market leader, said he was disappointed at the attempt by a relatively small group of anti-Market leaders to "distort this historic issue into an attack on Mr. Jenkins' position as deputy leader." He added: "The things that damage the Party are not differences on policy freely and tolerantly argued but intolerance among the leadership and personal attacks."

Mr. Jenkins made his plea here tonight because in tomorrow's debate he and other pro-Market members of the party executive will have to remain silent. The collective decision of the executive is to oppose the entry terms and this is binding on all its members during the debate.

But his critics will be free to attack him and some of them will do so. The attack began last week and continued in Brighton tonight at a meeting of Labour anti-Market leaders. Mr. Michael Foot, his Left-wing colleague in the "shadow" Cabinet who will be running against him in the elections for the deputy leadership, said he challenged Mr. Jenkins.

Continued on Back Page

5% tariff rises will not cover electricity losses

BY HAROLD BOLTER, INDUSTRIAL CORRESPONDENT

U.K. ELECTRICITY tariffs will rise by about 5 per cent. on average between January and April next year, it is believed. But this will still not be enough to cover the losses by the industry, thought to be over £55m., and a continuing deterioration this year.

Publication of the industry's results to-morrow will lead to strong pressure on the Government to carry out an urgent study of the financial structure of the nationalised industries, against the background of the Confederation of British Industries' policy of price restraint.

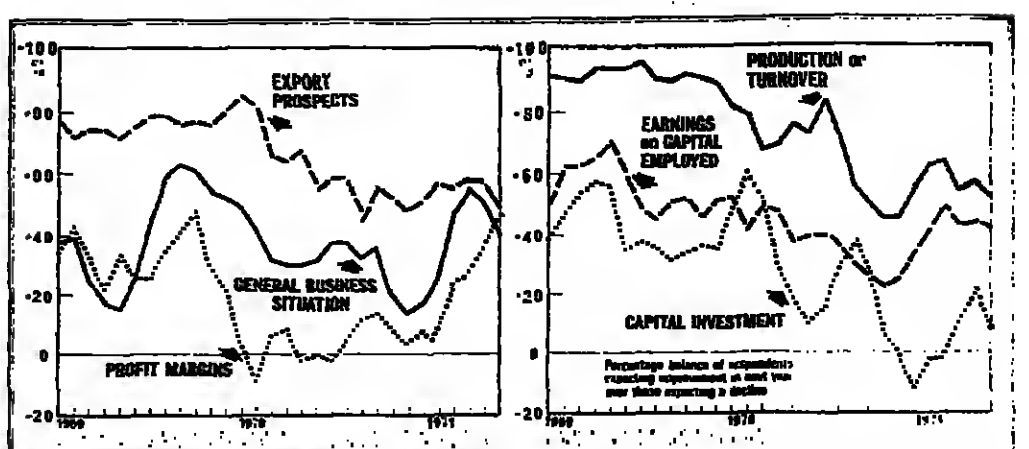
Seeking faith

Reluctantly, the electricity industry has decided to keep faith with the CBI and limit badly needed increases to not more than 5 per cent. on average. They will be brought in 12 months after the previous rise, made by the area electricity Boards in stages between January and April this year.

The last round of increases generally added 12 per cent. to domestic tariffs, some 3 per cent. to charges for those industries with long-term supply contracts, and 15 per cent. to other industrial tariffs.

FT Monthly Survey of Business Opinion

Optimism on costs and profits



The rate of inflation in the U.K. during the coming 12 months will be appreciably lower than in the last year or so if the expectations of respondents to the latest Monthly Business Opinion Survey are borne out.

A smaller rate of increase in unit costs, and further improvements in corporate profit margins are being forecast. But there is no significant change in the outlook for either employment or capital investment; indeed the investment picture seems to have deteriorated a little.

The rise in business confidence noted in earlier months has been arrested—at least for the time being. The uncertainty caused by President Nixon's measures of August 15 has been an important influence on companies' attitudes, and has overshadowed the Chancellor's July measures. The latter, however, have already raised the optimism of consumer durable companies.

The number of firms working at or above planned output levels has fallen again this month and nearly three-quarters of companies cite shortages of home orders as a factor limiting production. For many months now the flow of orders has been running below the rate of current deliveries.

The reduction in stockholding, however, has been arrested.

EARNINGS ON TOTAL CAPITAL EMPLOYED

4 monthly moving total

	June	Sept.	May	Aug.	Apr.	July	Mar.	June	Elect.	Eng'g.	Stores	Consumer
Those expecting pre-tax profits on total capital employed in the next year to:												
Improve	52	58	58	62	26	68	64					
Remain the same	32	27	26	23	47	8	31					
Contract	10	14	15	15	5	4	4					
No comment	6	1	1	1	22	20	1					

© Statistical Material Copyright Taylor Nelson Group Ltd.

Filton men may lift ban to-day

By Roy Rogers, Labour Staff

SANCTIONS which have halted work on the pre-production Concorde 01 and delayed other work at the BAC's Filton works, near Bristol, may be lifted to-day.

This morning the 6,000 Filton workers will be asked to consider a peace formula drawn up by the BAC management, the Engineering Employers' Association, and the Confederation of Shipbuilding and Engineering Unions at talks which went on into the early hours of Saturday morning.

Peace formula

While the terms of the peace formula are not being disclosed before to-day's meeting, they are understood to include lifting the overtime ban and blacking, and suspending the redundancy notices. Following this, talks are to be held on the original redundancy issue.

The dispute began a month ago when BAC announced 1,200 redundancies—480 of them at Filton. An unofficial redundancy committee was set up and an overtime ban imposed. The committee declared black any areas where that ban was breached, a move that led to the blacking of Concorde 01 when it was towed back to its hangar after normal working hours.

Negotiations between management and unions broke down with the company refusing to lift the redundancy notices and the workers refusing to remove their sanctions. The deadlock finally broken last Thursday with the help of four local MPs who succeeded in getting the two sides together again on Friday.

ON OTHER PAGES

WEST GERMANY		PROSPECTUSES	
To-day's issue contains twelve pages (15-26) on West Germany.		Bristol Loan	6
Appointments	11	Continuous Stationery	10
Arts and Entertainment	3	Davies & Newman	36 & 37
Building and Civil Engineering	13	Francis Parker	33-35
Businessman's Diary	4		Comment Page 28
Company News	28 & 29		
Crossword	2		
Financial Diary	3		
FT Share Information	38 & 39		
International Company News	30		
Justification	27		
Leading Articles	14		
Letters to the Editor	2		
Lex and Lombard	40		
Men and Matters	14		
Mining Notebook	29		
Racing	2 & 3		
Sport	12		
Theatres and Cinemas	12		
TV and Radio	2		
Unions Act Series	8		

Two Sunday PAPERS GOING UP

THE Sunday Mirror and The People have announced a price increase from 4p to 5p from next Sunday. Both papers blame rising costs.

JO'BURG TODAY and everyday.

All you need to remember about flying to Johannesburg is that a S.A.A. Springbok flight bounds off from London daily.

Catch one. It will be a fast, gentle Boeing, equipped with uniquely comfortable seats. And catch connections with conveniently-timed services in South Africa when you arrive.

Details from your Travel Agent or from South African Airways, 251/9 Regent Street, London W1R 7AD. Telephone 01-437 9621. Also at Waterloo St., Birmingham, 021-643 0324; Hope St., Glasgow, 041-221 2932; Peter St., Manchester, 061-834 4868.

SAA
SOUTH AFRICAN AIRWAYS
in association with EOAC
The great way to South Africa

October 4 1971

The Financial Times Monday October 4 1971

سکتا من لکھو

ny and reform

da before Judge and
ria may not only but
day but also a longer
in an attempt to
flood. Judges may
pted to show more
vociferously than in the
if impatiently with any
it putting forward a
ence.

our aim is to
tee, we must always
that justice takes the
way of avoiding
ore criminal trials
rease the opportunity
osing of cases at magis-
ria, and this would be
requiring the presence
a defendant against
the evidence against
this can be done with
be tried at assizes and
sessions, why not
final courts? Most
to prefer their cases
ided sooner rather than
as things stand
ment, a defendant
er advised to elect
ge and jury. I know
the evidence is
than to plunge
a hearing at the magis-
rt where neither he
il representative
vious indication of
ce supporting the de-
ing him.

omplaints

omplaints have been
ing the previous year
use of local and
s, especially criminal
person has a legal
o any charges proved
to the satisfaction of
credible admission of
can the exercise of
it be said to involve
of public funds? In
financial assistance
ndant on the charge
defence services im-
prejudice the very
ch he has been con-
trial

ny attempt to restore
in all proper cases
viewed with circum-
causis against local
easily become attacks
system of trials, a
ntry and ultimately a
administration of
it.

PENCAST DEAL

contract worth an estimated
over the next five
years, with a total value
of £100 million. The deal
will be for the supply
and installation of
building and civil
engineering. The deal
will be awarded to the
firm which has been
selected by the
Joint Civil Board.

**SAVE
P TO 70
FLOOR
SPACE
with
SCANEX**

ANEX SYSTEM FIL

One Scanex should
show you the advantages
of a Scanex system. It is
dependable, efficient and
Why not Scanex?
Scanex is the only
round floor heating
system. It is the only
system which does not
need a boiler. And, with
its retrieval, it is the only
system which does not
need a boiler.



ANEX SYSTEM FIL
MILITARY
ALPHABET
MILITARY
ALPHABET

ADM

IMS FOR MEETING

Most factories have one.

A lumbering great boiler.
Slow to wake up in the morning.
Reluctant to respond to control.
And expensive to buy.
With its boiler house and miles of piping, a
boiler is extravagantly wasteful on space.

And when it dies, as all boilers must, it's very
difficult to get rid of.
Yet 75% of all British factories still use a boiler
system.
In contrast to the United States, where 90% of
all factories have gone over to warm air heating.

The best and most expensive British warm air
system costs just half as much to install as a boiler
system.

It's made by Colt.
The Colt system will give much faster warm-
ups. It will have instant response to control.

very little space, be covered by a 10 year guarantee
and will be serviced and maintained by Colt.
Anybody want to buy an elephant?
Colt International Ltd. (Heating, Ventilation &
Industrial Access). Havant, Hampshire.

FT Monthly Survey of Business Opinion

© Statistical Material Copyright Taylor Nelson Group Ltd.

GENERAL OUTLOOK

Confidence muted since Nixon measures

President Nixon's measures of August 15—especially the import surcharge and the fears of a protectionist war which this gave rise to—have had a marked effect on business confidence in the U.K. Before that date confidence had been steadily improving for some months. Since then there has been a decline in the index which measures confidence.

The Nixon package is not the only factor. Last month Mr. Barber's July measures were being widely quoted as grounds for increased optimism, but at present both the output and the order figures are tending to stagnate.

This may represent a lull before the combination of the April and July measures works its way through the economy.

Companies have been waiting so long for the promised upturn that they are understandably somewhat sceptical at present.

The two notable bull points which emerge from this month's survey are the continued improvement in companies' expectations about cost increases, and the related forecasts of further gains in profitability.

The median expected rise in prices over the next 12 months is now down to 6.9 per cent—a far cry from the figures of over 10 per cent, which were being quoted about a year ago. The index of expected cost increases has been coming down steadily since that time. And the balance of respondents expecting an improvement in profit margins over the next three months is declining.

There has been a small decline in optimism about exports in the past month, but the basic position seems at least in the short run—to be very healthy. The three sectors examined this month were electrical engineering, stores and consumer durables.

GENERAL BUSINESS SITUATION

Are you more or less optimistic about your company's prospects than you were four months ago?	4 monthly moving total				September 1971		
	June-Sept. %	May-Aug. %	Apr.-July %	Mar.-June %	Elect. Eng'g %	Stores %	Consumer Durables %
More optimistic	50	40	40	55	67	17	50
Neutral	41	30	37	38	28	83	50
Less optimistic	9	9	3	7	5	—	—
No answer	12	—	—	—	—	—	—

EXPORT PROSPECTS

Those expecting direct export sales during the next twelve months to:	4 monthly moving total				September 1971		
	June-Sept. %	May-Aug. %	Apr.-July %	Mar.-June %	Elect. Eng'g %	Stores %	Consumer Durables %
Rise	55	63	60	58	55	49	37
Stay about the same	17	17	21	21	40	—	31
Fall	5	5	1	2	—	—	—
Not applicable	23	15	18	19	5	51	32

NEW ORDERS

The trend for new orders in the last four months is:	4 monthly moving total				September 1971		
	June-Sept. %	May-Aug. %	Apr.-July %	Mar.-June %	Elect. Eng'g %	Stores %	Consumer Durables %
Up	32	34	31	30	67	71	31
Same	8	7	10	13	20	—	33
Down	13	15	17	16	13	—	32
Not available	47	44	42	41	—	29	4

PRODUCTION/TURNOVER

Those expecting production/turnover in the next year to:	4 monthly moving total				September 1971		
	June-Sept. %	May-Aug. %	Apr.-July %	Mar.-June %	Elect. Eng'g %	Stores %	Consumer Durables %
Rise over 20%	3	3	1	1	—	4	—
Rise 15-19%	4	1	1	1	47	—	—
Rise 10-14%	5	6	18	25	5	4	25
Rise 5-9%	47	52	40	34	5	49	43
About the same	28	32	33	28	3	19	31
Fall 5-9%	4	3	5	6	20	—	—
Fall over 10%	2	2	—	—	—	—	—
No comment	7	2	2	3	20	24	1

STOCKS

Volume of material stocks or bought-in supplies during the next year expected to:	4 monthly moving total				September 1971		
	June-Sept. %	May-Aug. %	Apr.-July %	Mar.-June %	Elect. Eng'g %	Stores %	Consumer Durables %
Increase	20	12	7	10	47	47	20
Stay about the same	60	62	53	49	30	20	11
Decrease	10	17	29	29	12	—	69
No comment	10	9	11	12	23	33	—

Volume of goods on hand for sale:	4 monthly moving total				September 1971		
	June-Sept. %	May-Aug. %	Apr.-July %	Mar.-June %	Elect. Eng'g %	Stores %	Consumer Durables %
Increase	27	21	19	21	—	47	14
Stay about the same	51	51	43	39	72	20	44
Decrease	7	18	20	23	25	—	32
No comment	15	10	18	17	3	33	10

FACTORS CURRENTLY AFFECTING PRODUCTION

Are any of these factors affecting turnover at the present time?	4 monthly moving total				September 1971		
	June-Sept. %	May-Aug. %	Apr.-July %	Mar.-June %	Elect. Eng'g %	Stores %	Consumer Durables %
Shortage of:							
Home orders	73	78	80	75	80	63	64
Export orders	29	22	37	35	80	—	43
Executive staff	6	2	2	2	—	24	10
Skilled staff	11	4	3	5	—	47	10
Manual labour	—	—	—	—	—	—	—
Components	2	2	2	2	—	—	—
Raw materials	3	3	3	3	—	4	10
Production capacity (plant)	16	12	4	5	47	4	11
Finance facilities	5	4	2	2	2	8	10
Others	2	1	—	—	1	5	—
Labour disputes	5	5	—	—	—	—	—
No factor	10	8	14	19	20	9	35

LABOUR REQUIREMENTS

Those expecting the number of employees during the next twelve months to:	4 monthly moving total				September 1971		
	June-Sept. %	May-Aug. %	Apr.-July %	Mar.-June %	Elect. Eng'g %	Stores %	Consumer Durables %
Increase	26	18	21	24	47	33	29
Stay the same	48	58	56	54	30	28	50
Decrease	25	24	22	22	23	39	21
No comment	1	1	1	—	—	—	—

CAPITAL INVESTMENT

Those expecting total capital expenditure in the next year to:	4 monthly moving total				September 1971		
	June-Sept. %	May-Aug. %	Apr.-July %	Mar.-June %	Elect. Eng'g %	Stores %	Consumer Durables %
Increase	44	45	41	35	—	37	21
Stay the same	15	30	27	27	5	—	23
Decrease	36	25	31	37	95	39	35
No comment	5	—	1	1	—	24	21

COSTS

Those expecting hourly wage rates in the next year to rise by:	4 monthly moving total				September 1971		
	June-Sept. %	May-Aug. %	Apr.-July %	Mar.-June %	Elect. Eng'g %	Stores %	Consumer Durables %
0-4%	2	—	—	—	—	9	4
5-9%	49	46	32	30	31	24	61
10-14%	42	50	62	66	69	28	34
15-19%	1	1	3	2	—	—	—
20%+	—	—	—	—	—	—	—
Same	—	—	—	—	—	—	1
Decrease	—	—	—	—	—	—	—
N/A	6	2	3	2	—	39	—

Those expecting total unit costs in the next year to rise by:

	4 monthly moving total				September 1971		
	June-Sept. %	May-Aug. %	Apr.-July %	Mar.-June %	Elect. Eng'g %	Stores %	Consumer Durables %
0-4%	9	7	4	4	20	—	19
5-9%	68	80	74	72	73	47	37
10-14%	6	6	8	8	2	—	—
15-19%	—	—	—	—	—	—	—
20%+	—	—	—	—	—	—	—
Same	4	4	3	—	—	—	10
Decrease	1	1	—	—	—	—	—
N/A	12	2	9	16	5	53	34

PROFIT MARGINS

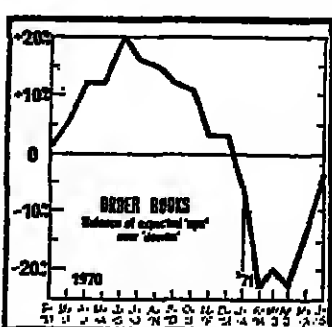
Those expecting profit margins in the next year to:	4 monthly moving total				September 1971		
	June-Sept. %	May-Aug. %	Apr.-July %	Mar.-June %	Elect. Eng'g %	Stores %	Consumer Durables %
Improve	44	53	44	44	26	92	44
Remain the same	18	29	37	25	5	8	56
Contract	17	17	18	20	69	—	—
No comment	1	1	1	1	—	—	—

ORDERS AND OUTPUT

Orders for durables improve

The proportion of companies reporting a rising trend of new orders has been about a third for the last four months, whereas less than 20 per cent. have been indicating reductions in the rate of new orders. But the flow of orders has been running below the rate of current deliveries, with consequent reductions in total order books.

This month there is little change in the new order position, and a small rise in the number of companies reporting a lengthening of order books is more than offset by the number reporting a shortening of total 40 per cent. of respondents see



no change in their order position. The removal of hire-purchase restrictions has had a pronounced effect on the expectations of consumer durable companies, which expect quite an upturn in production and turnover over the next 12 months.

But for the other sectors, the picture is still very much as before. The balance of respondents expecting an improvement in production during the next year over those predicting a decline is still strongly positive, but the margin has been declining for some months.

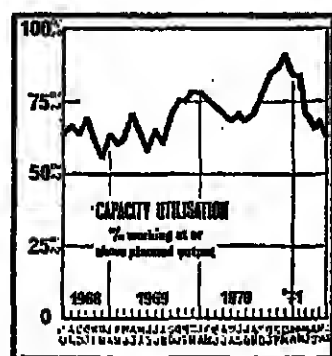
CAPACITY AND STOCKS

Many below capacity

The cuthack in stocks appears to have reached its limits both in the case of raw materials and manufactured goods. The majority of companies expect stock levels to stay about the same as they are now during the next year, but for the first time in many months more companies now expect to increase their stocks than to run them down further.

The percentage of firms working below planned output levels continues to be high—35 per cent.—but there has been a small improvement—from 5 per cent. to 11 per cent.—in the proportion working above target capacity. Overall, however, the number of firms working at planned output or above has been falling for some of the year, and has gone down again this month.

There has been a very small reduction in the percentage of respondents citing shortages of home orders as a factor limiting production, but this figure is still at the extremely high level of 73 per cent. The export order situation is healthier than it was earlier in the year, in spite of a small deterioration in the last month or so.



CAPACITY WORKING

Those working at:	4 monthly moving total				September 1971		
	June-Sept. %	May-Aug. %	Apr.-July %	Mar.-June %	Elect. Eng'g %	Stores %	Consumer Durables %
Above capacity	11	5	3	4	47	24	11
Planned output	52	63	64	68	41	29	44
Below	35	31	33	28	12	43	24
No answer	2	—	—	—	—	43	21

INVESTMENT AND LABOUR

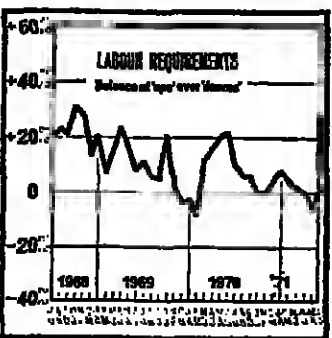
Outlook still depressed

The improvement in capital expenditure prospects suggested last month was not been maintained. The percentage of companies expecting to reduce investment over the next 12 months has gone up with a bump—from 25 per cent. to 36 per cent.—and the proportion expecting to increase expenditure is broadly the same—44 per cent. against 45 per cent.

Thus the balance of "ups" over "downs," which had been rising for much of the year, has suddenly narrowed. Of the companies examined in depth this month, respondents in the

reductions in capital expenditure. And even the consumer durable companies—which are experiencing a revival in demand at the moment—are not particularly flush with investment plans.

There is an increase this month in the number of firms predicting a rise in their labour requirements over the next 12 months, but this must be treated with caution. The proportion of companies expecting reductions in their labour requirements is almost exactly the same, and companies are still complaining of high labour costs.



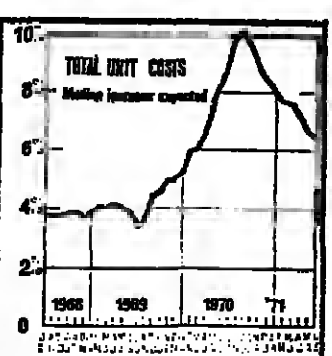
COSTS AND PROFIT MARGINS

Lower rate of price increase

These are the most encouraging indicators in this month's survey. The index of total forecast unit cost increases has gone down again, and the median expected rise in prices over the next 12 months is down to 6.9 per cent. The unit cost index has fallen steadily since the late summer of last year, when it was forecasting increases of over 10 per cent.

The Confederation of British Industry's recent prices initiative is widely quoted as an influence on cost restraint in the coming year. Some companies also claim that there is greater price competition.

The balance of respondents expecting improvements in profit margins continues to rise sharply. Optimism is particularly marked in the stores and consumer durable sectors; the electrical engineering companies present a mixed prospect, but more companies expect an improvement in margins than did a few months ago. Among



which is consistent with the view that many companies were only able to sign the CBI pledge because they had already raised prices substantially in the preceding months.

These surveys, which are conducted for the Financial Times by the Taylor Nelson Group, are based upon detailed interviews with top executives about companies' situation and prospects. Three industries and some 30 companies are covered in turn every month from a sample based upon the FT-Actuaries' Index, which accounts for about 60 per cent. of the total turnover of all public industrial companies. The weighting is by market capitalisation.

The all-industry figures are four-monthly moving totals, covering some 120 companies in 11 industry groups (mechanical engineering is surveyed every second month). Foreign-owned companies operating in Britain have been included in the sample since November, 1963.

The Financial Times Monday October 4 1971

The List of Applications will open at 10 a.m. on Wednesday, 6th October, 1971, and will close at any time on the same day. This issue is made in accordance with a General Consent given by the Treasury under the Control of Borrowing Order, 1968. Applications have been made in the Council of the City of Bristol, for permission to deal in and for creation of the Stock Debt issued.



CITY AND COUNTY OF BRISTOL

ISSUE OF

£5,000,000 Bristol Corporation 7½ per cent. Redeemable Stock, 1979—1981.

Authorised by the Council of the City and County of Bristol and issued in accordance with the provisions of the Local Government Act, 1958, and with the consent of the Secretary of State for the Environment.

Price of Issue £99 per cent.

PAYABLE AS FOLLOWS:—

On Application ... £100 per cent.
On 15th November, 1972 ... £100 per cent.
On 15th January, 1973 ... £100 per cent.

Interest (less Income Tax) will be payable half-yearly on the 1st May and the 1st November. A first interest payment of £3,999,999 (less Income Tax) on £5,000,000 Stock will be made on the 1st May, 1972.

The Stock is to be issued in the form of Stock Certificates in accordance with the provisions of the Local Government Act, 1958, and with the consent of the Secretary of State for the Environment.

In accordance with a Resolution passed by the Council of the City and County of Bristol on 15th September, 1971, the Council has authorised the issue of the above Stock.

1. Security. The Stock will be secured on all the revenues of the Corporation and will rank pari passu with any other securities of the Corporation for the time being charged on all the revenues of the Corporation.

2. Redemption. The Stock will be redeemed in accordance with the provisions of the Local Government Act, 1958, and with the consent of the Secretary of State for the Environment.

3. Purpose of Issue. The proceeds of the present issue of Stock will be applied to replace monies temporarily borrowed to meet unauthorised capital expenditure and the repayment of the £1,000,000 Stock, which matured on 1st September, 1971, in finance further expenditure on authorised capital schemes, and to defray the costs, charges and expenses of and incidental to the issue of the Stock.

4. Redemption. The Stock will be redeemed at par on the 1st May and the 1st November, 1979, unless previously cancelled by purchase to the open market or by agreement with the holders. Further, the Council has the option to redeem the Stock at par, in whole or in part, on or at any time after the 1st November, 1979, on advice not less than three calendar months' notice to the Stockholders in writing or by public advertisement.

5. Registration. The Stock which fully paid will be registered and transferable in multiples of one penny free of charge by instrument in writing in accordance with the provisions of the Local Government Act, 1958, and with the consent of the Secretary of State for the Environment.

6. Interest. Interest (less Income Tax) will be paid half-yearly on the 1st May and the 1st November, 1972, and on the 1st May and the 1st November, 1973, and on the 1st May and the 1st November, 1974, and on the 1st May and the 1st November, 1975, and on the 1st May and the 1st November, 1976, and on the 1st May and the 1st November, 1977, and on the 1st May and the 1st November, 1978, and on the 1st May and the 1st November, 1979.

7. Application

MARSTON, THOMPSON & EVERSHED LIMITED

(Brewers, Wine and Spirit Merchants)

The Annual General Meeting of Marston, Thompson & Evershed Limited was held on October 1st at Burton-on-Trent, Sir Clifford Gothard, O.B.E., B.Sc., F.C.A. (Chairman) presiding.

The following are extracts from his circulated statement for the year ended March 31st, 1971.

The interim statement issued in January last anticipated increased profits being earned by the Company for the year ended 31st March, 1971, and I am pleased to be able to report that this hope has been realised. Earnings before tax amounted to £1,270,816 which represents an increase of £157,880 over the previous year, and after tax we are left with £778,182 for appropriation against £628,985 for the year to 31st March, 1970. Earnings on capital employed are 12.8% which is 1% higher than the preceding year. The Directors recommend a final dividend of 8% on the ordinary shares which, with the interim of 4% already paid, will make 12% for the year as against 10% paid last year.

After a period of price "freeze" or limitation, prices were increased in December, 1969 and December, 1970. These increases contributed in some degree to maintaining the profit margins, but the larger volume of sales helped materially to improve profits. Consumption of beer in this country has continued to expand and it is satisfactory to be able to report that our sales have increased at a rate above the national average.

Pursuing the policy which has been followed successfully by the Board over a number of years, considerable expenditure on public houses has again been incurred and development of the brewery plant has continued.

With reference to future prospects, I cannot recall a more difficult time in which to make any forecast. The possible entry of this country into the Common Market and the repercussions of what appears to be in effect a revaluation of the United States dollar are factors for which there is no precedent to guide anyone's judgement, but I think that this country will continue to drink beer and that our company is, for its size, probably as well-equipped as most to face the future and retain its proportion of the national trade.

I personally view the Company's ultimate future with hope and confidence provided that the increases in costs can be adequately moderated, but it may well be that profits will fluctuate for a year or two until stability is attained under the new conditions.

DUTCH ELM DISEASE: It is now estimated that a tenth of the 7m. elms in S. England have succumbed to the epidemic. Ken Gofton adds up the cost so far

The war on *scolytus scolytus*



General manager of Ercol Furniture, Mr. Tom Dean, holds a piece of diseased elm bark in his hand. In the background, some of the company's vast stocks of native-grown elm. Photograph by Michael Creery.

LOCAL AUTHORITIES may be given the power during the next few days either to order householders and landowners to deal with diseased elm trees on their property, or enter the property and deal with the trees themselves. This course of action, which is possible under the Plant Health Act, 1967, is the logical outcome of talks which have been going on between the Forestry Commission and local councils.

In one sense, such a move is a drastic step, reflecting official concern at the ravages of the current epidemic of Dutch elm disease. There are also many critics, however, who would argue that it is a case of too little action, and too late.

Identification

An order under the Plant Health Act—if it comes, as expected—will give councils the authority to go onto private property, but will not ensure that they exercise that authority. And there is little doubt that if the order had been issued a couple of months ago, it would have been of much greater value in the current season. The chance to identify diseased trees by their dead branches is slipping away as autumn comes in and the trees shed their leaves.

By now it is widely appreciated that the elm is seriously threatened, even if the cause and the implications are less fully understood.

Possibly not everyone would recognise an elm tree if they saw it, diseased or otherwise. It is, however, one of the most widespread trees of the English countryside, particularly in the southern half of the country, and one of the most beautiful. The elm is also a tree of some commercial value, not just for coffin-wood but for the elm or the oak, sir?—but for domestic and garden furniture, under-water structures, bus shelters, and so on. One of the biggest users of elm is Ercol, the High Wycombe furniture company; almost all of its easily recognised furniture contains elm.

The most widely accepted estimate is that there are at least 7m. elm trees in southern England, of which 5 per cent, suffering from Dutch elm disease, are being managed to fall one each week-end. Cost, of course, is one of the main reasons why dead and dying trees are not brought it not only poisons the affected

the south coast. Numbers can be a numbing effect how- ever: it is more telling to quote examples. In south-east London, for instance, a leading golf club has spent £650 in the last two years felling perhaps 200 diseased trees, with as many as £60 to £70.

In open ground the cost may be nominal, but felling a mature tree in a confined town garden may involve a team of men with block and tackle lopping slices off the top: the bill could be as much as £150. An average might be £60 to £70.

Profiteering

Charges have gone up sharply, not just because there is an element of profiteering, but because a lot of work is having to be done at overtime and week-end rates of pay. Calls to a number of tree surgeons suggest that one might have to wait for a month or two to get service anyway. Yet there are two pressing reasons why trees should be treated—to limit the spread of the disease, and to avoid the risk of a dead tree falling and causing damage.

Can anything be done, beyond butchering the damaged trees? It might help to understand a little about the nature of the disease, which is caused by a fungus and spread by a beetle. The bark of a diseased branch is softened, enabling the elm bark beetle, *scolytus scolytus* or one of its near relatives, to make breeding galleries. When the grubs develop into full-grown beetles and fly to another tree to feed on the young twigs, they carry with them the spores of the fungus *ceratocystis ulmi*.

The fungus spreads rapidly, being carried along through the sap-carrying vessels of the tree; mature trunk. Obviously there

There are one or two unexpected features of the disease. First, the fungus required by the term "fungus-infected timber" is a sort of mouldering mess. In fact, *ceratocystis ulmi* remains in the outer, sap-carrying layer of the elm, which means that the timber is still usable commercially, although the bark and branches must be burned immediately the tree is felled. Thus Gloucester County Council, which expects to have to cut down 3,000 trees on its property, is breaking even on the operation so far by selling the wood. It is difficult for the householder with the odd, badly situated tree to follow this example. I have been asked to say—don't try Ercol, which is only interested in buying from its recognised saw-mill suppliers.

The second surprising feature, and again arising from the fact that the fungus remains in one layer, is that trees often recover, or have done in the past. If the tree survives until the spring it puts on a new ring of sap-carrying vessels on the outside, as part of the normal growth system, and the previous year's vessels become part of the mature trunk. Obviously there

is a risk of reinfection by spore-carrying beetles.

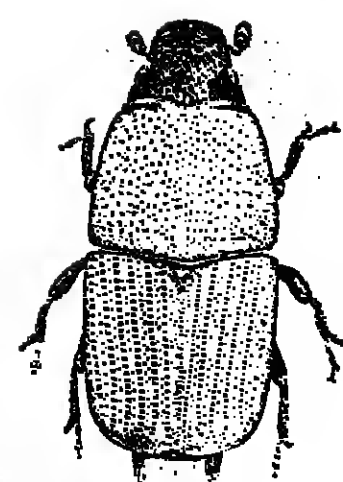
To attack the disease, then, you have got to get at either the beetle or the fungus. Burning the bark of affected trees, once they have been cut down, does both. But other things suggest themselves.

Spraying trees with insecticide, although it has been tried in the U.S., is probably ruled out. It would be likely to kill or injure many creatures other than *scolytus scolytus*. DDT would probably be regarded as too persistent, and shorter-life insecticides would need frequent application. Either way, the cost would be prohibitive for large-scale treatment, bearing in mind that we are talking of millions of trees, some of them perhaps 60 feet or more in height.

The argument about cost also applies to the potentially less dangerous technique of applying systemic insecticides or fungicides—either by pouring gallons of the material around the roots, or injecting it into the trunk. A systemic material is literally one which is carried through the system of the tree, and only kills insects, or fungi, feeding on the tree.

The Forestry Commission for instance, is carrying out field trials with the Du Pont systemic fungicide Benlate, already successfully used in the U.S. for treating very young elms. Results are said to be promising, although there is a difficulty in distributing the material throughout a large tree. Repeated treatments throughout a season might require 10 lbs of Benlate which retails at £4 a pound. Reports that a Canadian team is patenting a treatment along these lines is viewed rather sceptically here at least until more details are known: the chances of finding a cheap and effective chemical are thought to be remote.

There is also the fashionable technique known as biological control, using nature to fight the foe. The poor bark beetle, for instance, faces about 20 different parasites and predators. In the Basildon area, where 85 per cent of the indigenous vegetation is elm and up to 3,000 trees have been lost this year, three local authorities have got together to import a gnat-sized wasp called *dendrosoter pubescens*, the female of which is clever enough to sense the



Scolytus scolytus, the large elm bark beetle.

movements of the beetle grub moving about under the bark, puncture it, and lay an egg.

So far the Basildon authorities have brought in about 5,000 of the wasps in a campaign which has cost "a few hundreds of pounds." That has to be set against the fact that it is estimated that a badly affected mature tree could hold up to 100 beetles. Even so, a Forestry Commission insect specialist was generous enough to say: "I don't want to knock what Basildon is doing, in theory it might work—and at least they are trying something. There are an awful lot of lethargic people who aren't doing anything."

Other research under the biological control banner is aimed, with sinister motives, at isolating either the chemical which attracts the beetle to elm trees, or the chemical which attracts male beetles to females. So far, there is no news of a breakthrough.

Mystery

In other words, at this stage there is very little effective action to be taken, except felling. One mystery that has not been explained, however, is why there should be an epidemic at all. Dutch elm disease (called after the Dutch, incidentally, because of the quantity of research work carried out in the Netherlands), raged round the English countryside during the 1930s after first being detected here in 1927. Since then, it has been accepted as a nuisance, but little more, until the present flare-up which began in 1968.

There are a lot of theories, from the suggestion that the bark beetles' enemies have been killed off by insecticide to the view that hot summers and mild winters have favoured breeding. But the Forestry Commission believes there is evidence pointing to the fact that a new, more virulent strain of the fungus has arisen. If this is so, it may disappear just as quickly, but there is no sign of that happening yet.

To the Holders of General Cable International N.V.

Guaranteed Floating Rate Loan Notes 1989

In accordance with the provisions of the above Notes, Irving Trust Company, as Fiscal Agent, has determined the Rate of Interest payable with respect to Coupon No. 3 on Thursday, March 30, 1972 to be Nine and One Half Per Cent (9½%) per annum.

October 4, 1971

Irving Trust Company,
Fiscal Agent

Reed International Limited

Reed International Limited announce that the Council of The Stock Exchange, London, has granted permission to deal in and quotation for the following securities:

4,706,276 Ordinary Shares of £1 each and £1,417,283 10% Unsecured Loan Stock 2004/09 which are to be issued in exchange for the Ordinary Share capital of Twyford Holdings Limited.

Dealings will commence today for deferred settlement on Friday, 22nd October, 1971, being two days after the posting of the renounceable certificates.

Spelt Kienzle, it doesn't matter how you say it. When it comes to accounting systems, Kienzle have said it all.

Kienzle boasts a finely-balanced range of top quality products that stands comparison with the best accounting systems in the world.

Kienzle Computers. Magnetic ledger card and accounting computers. Star of the range: Kienzle 6000—combining the advantages of visible record data processing (magnetic ledger cards with up to 700 digits per card side) with storage (now doubled to over 32,000 characters) of modern, large scale computers. Unique advantages: A revolutionary ledger card feed to speed up form handling. An alpha

numeric printer delivering 60 characters per second to make it the fastest magnetic card computer printer in the world.

Kienzle Automatic Invoicing Machines. They add, subtract, multiply, and store at electronic speeds. Computing errors are eliminated, invoices printed neatly and rapidly—a one girl invoicing department!

Kienzle Accounting Machines. A full range of accounting machines to handle the various accounting applications of modern business.

Kienzle Data Capture Equipment. Compact, high-speed machines to deal with the different requirements of data input and output. Such as on-line accounting terminals; OCR printers producing tally rolls, pages, continuous forms, or documents; as well as punched card or paper tape add punches.

If you'd like to know more about the Kienzle range of products, you can either complete the coupon and return it to us—or you can contact one of the many Kienzle sales offices throughout the world.

*We spell it Kienzle

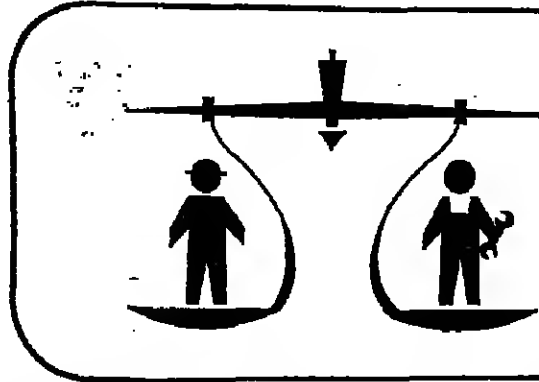
I would like to know more about the Kienzle range of accounting systems

Name _____
Position _____
Company _____
Address _____

To Kienzle Data Systems Ltd., 202 Kensington Church Street, London W8 4OR Tel: 01-229 9483
Sales offices in Birmingham, Manchester, Bristol, Nottingham, Leicester and Motherwell

Kienzle Data Systems

Kienzle in EEC: Berlin, Brussels, Cologne, Düsseldorf, Frankfurt, Hamburg, Hannover, Karlsruhe, Luxembourg, Mannheim, Milan, Munich, Nuremberg, Paris, Rotterdam, Saarbrücken & Stuttgart
Kienzle worldwide: Angola, Argentina, Australia, Austria, Brazil, Bulgaria, Ceylon, Chile, Congo, Denmark, Ecuador, El Salvador, Finland, France, Hong Kong, Iceland, Japan, Madagascar, Malaysia, Mexico, Mozambique, Norway, Pakistan, Paraguay, Peru, Philippines, Portugal, Singapore, Spain, South Africa, Sweden, Switzerland, Tanzania, Thailand, Uruguay, Venezuela & Yugoslavia



INDUSTRIAL RELATIONS: THE NEW ACT—5

Strikes and unfair practices

BY JOHN ELLIOTT, Labour Editor

PROBABLY the one aspect of the Industrial Relations Act which will have the greatest impact on day-to-day industrial relations is the series of changes introduced in the law governing strikes.

Basically the Act limits lawful strikes and what it terms "irregular industrial action" short of a strike in two ways. First it thus limits those strikes (or other actions) which involve individuals breaching their contracts of employment and which are called either by non-registered unions or by unauthorised representatives of registered unions. It thus limits the existing protection against liability for inducing a breach of contract contained in the 1906 Trades Disputes Act to authorised officials of registered unions—thus outlawing unofficial "wild cat" strikes called by shop stewards without the authority of a registered union.

Second, the Act lists about 25 unfair industrial practices on the part of employers, unions and individuals which will be unlawful and says that unions should not discipline members who refuse to take part in either an unfair industrial action or a similar non-industrial action like a political strike.

While there is no suggestion that many employers will quickly take advantage of the new laws and rush to the courts with their labour disputes, the fact that the new constraints exist is bound to govern the way in which unions and their officials call strikes, despite any determination on the part of the unions to boycott the legislation.

But the legislation does not basically interfere with an individual's right to strike, which remains governed by the contracts of employment, and there is no power for the courts to order anyone to end industrial action and return to work. Instead, in both the two measures already mentioned and in those which follow, action can only be taken against the "inducers" of the strike (or other industrial action)—that is, the unauthorised strike leaders or the union.

Restrictions

In addition to the two main limitations on strikes already mentioned, the Act also includes other measures aimed at the same goal. There is the requirement that all labour agreements are assumed to be legally binding. Restrictions on sympathy strikes are tightened and there are national "emergency" procedures which the Government can use through the National Industrial Relations Court to try to stop industrial action against the national interest.

Some people believe that the Act effectively outlaws inter-union disputes because they are not mentioned in the definition of an industrial dispute contained in the legislation. But in fact this is not the Government's intention—although some interesting case law might develop. When the legislation was drafted, it was assumed that since inter-union rows over recognition or demarcation inevitably involve an employer because of his say in which union should be recognised or which were covered by the Act, which embraces disputes between employers and unions.

The main provision outlawing unauthorised strikes is contained in just one short clause, which says: "It shall be an unfair industrial practice for any person, in contemplation of or in furtherance of a strike, to induce another person to take part in a strike."

therance of an industrial dispute, knowingly to induce or breach.

Other forms of action, like overtime bans and pickets "of the non-co-operation" kind, unless the party either is a registered union or an employers' association or "does so within the scope of his authority on behalf" of a registered union or employers' association.

This provision stems from the Government's intention to try to strengthen unions' authority, and is intended to reduce the number of unauthorised "wild cat" stoppages—although, as explained later, the effectiveness of this provision will depend very largely on the content of contracts of employment. It is also yet another of the means by which the legislation discriminates against unregistered organisations—like unauthorised strike leaders, who lose their existing 1906 Act immunities for inducement of breach of employment contracts.

Employers hit by industrial action can, under this clause, take proceedings in the NIRC against whoever is leading the strike—that is, the unregistered union (known as an organisation of workers), or the unregistered union's officials, or the officials of a registered union who had not the authority of the union for their action.

A problem

This raises the problem for registered unions of who should be authorised to call a strike or other industrial action. At present, in most cases, only a union's national executive has the power to make official (and therefore to authorise) a strike. It has been suggested that this provision would make it necessary for a union—or at least a militant one—to vest in all its officials and stewards the authority to call a strike.

This might at first seem logical, but in fact it would lead to problems on two fronts. Firstly, unions would lose all control over their officials and stewards, who would virtually be able to do as they please; secondly, it would mean that all strikes would be authorised and would qualify for strike pay, draining union funds. On the other hand, unions will not want to leave their officials and stewards open to legal action.

The situation is somewhat eased, however, by the fact that the official or steward of a registered union who called an unauthorised strike which was later made official—and was therefore authorised—by the union would only be liable to legal action for the length of time that the dispute was unofficial. In practice an employer would be extremely unlikely to proceed against an official whose action had later been backed by his union. This means that a militant union could easily halt out its strike-callers without giving blanket authority—whereas a more moderate union might in some circumstances not mind if its more militant officials and stewards were liable to legal proceedings.

Union rule books will have to state who is authorised to call industrial action and it seems unlikely that the authority will be spread much further than it is at present. But it is important to remember that it is unfair not only to call a strike but also to induce other forms of industrial action—providing these would be a breach of contracts of employment. These forms of action could start with a work to rule which, if carefully planned and genuinely in line with the

also unfair for an employer or a union to do anything (except a strike) over a union recognition case once the Act's procedures for bargaining have been started and for two years after a unit is established by law. Again, it is unfair for an employer or a union to do anything to secure the unfair dismissal of an employee.

In fact, all actions which are unlawful under the Act—including the breaking of a legally binding agreement—are labelled unfair industrial practices. They do not all need to be remembered as a complete list because they stem logically from the provisions of the legislation. It is, for example, logical that if unfair dismissals are unlawful, it would also be unfair for anyone to do something to induce or execute such a dismissal—and it would also be an unfair practice for anyone to take action in sympathy with another unlawful practice.

Joint letter

There will still be one straightforward and entirely lawful method by which shop stewards and union officials—whether registered, authorised or not—might be able to call a strike without breaching contracts of employment and get round the provision in the Act (described at the start of this article) that it is unlawful for either unregistered or unauthorised unions or representatives to call industrial action which would involve individuals in unlawfully breaching their contracts of employment.

It involves those wanting to strike in giving notice of the same minimum length as is required for terminating their employment contracts. But, unlike past requirements, it will now be accepted that an employee really intends to strike—not to give up his job permanently—so he will not have to frame the notice as a notice of termination of employment and can instead make it clear that he intends to strike.

A shop steward could probably, within his rights, organise the employees to submit their notices and might even be able to submit a joint letter signed by all those involved. But the notice must not lead to a breach of other requirements of the employment contract. For example, if the strike went ahead before a grievance procedure which was included as part of the employment contract had been exhausted, the strike would have breached this part of the contract and would be unlawful—despite the notice.

However, the employer still has the right to dismiss a man for taking part in a strike providing that, in refusing to take him back, the employer is not discriminating against those who have been exercising their rights to take part in union activities.

Interference

The general unfair industrial practices do not appear in the Act as a comprehensive list but instead appear throughout the clauses as they relate to specific problems. Roughly they are evenly divided between unfair action by employers (or employers' associations) and unions. In effect they introduce a new series of issues over which it will be illegal to call a strike or a lockout or take certain other actions irrespective of whether there is a legally binding contract or whether the union or those involved are registered or authorised.

For example, it is an unfair practice for either an employer or a union to attempt to interfere (which includes calling a strike) with a worker's right to belong or not to belong to a trade union. Similarly, it is

declared. Where the employer was more clearly in the right, there could be compensation or a restraining order.

This compensation will be assessed by the Court for registered unions on a scale laid down in the Act, rising from 5,000 members to £100,000 for those with over 100,000. There would be no limit for unregistered unions, which means that a rich "organisation of workers" could be ordered to pay well over £100,000. On the other hand, an unofficial shop stewards' liaison committee with no appreciable funds would probably only have to face a small fine.

The Act's assumption that all written agreements are legally binding (whether or not the union involved is registered) unless otherwise stated, has been dealt with in my article (No. 4) on collective bargaining, where it was pointed out that careful drafting of the agreement's "peace" clause is necessary if the agreement is to have a chance of being effective.

Conflicting

This is possibly the provision in the Act most open to dispute and to conflicting legal interpretations. Broadly a binding agreement cannot bind employees because, even though they may be members of the signatory unions, they are not regarded as parties to the agreement. But by custom and practice the terms of the agreement normally come to be regarded as part of an employee's contract of employment, even though the contract, in its usually brief written form, may not say so.

However, the written statement of an employment contract must, under the Act, include the first stage of a dispute procedure and could contain far more.

All that the Act provides in connection with binding agreements is firstly that it is an unfair practice to break them and secondly that it is also unlawful for parties "not to take all such steps as are reasonably practicable to prevent or end a breach of the agreement—or at least those parts of it which are legally enforceable. What steps

There are generally requirements for the Department of Employment to try to conciliate before the NIRC hears a case. But if the case reaches the courts and the NIRC is satisfied that an unfair practice had been committed and that there should be some remedy, it has the choice of three courses of action.

It can just make an order declaring that wrong has been done and determining the rights of the parties, or it can issue a restraining order, or it can award compensation. An employer (or anyone else) going to the Court could apply for any one or all three of these remedies—the restraining order probably being the most desirable because monetary redress would not fully compensate a company for lost production and could be hard to obtain from the union involved.

Simply to prove that an unfair practice has been committed will not in practice be sufficient to gain one of these remedies. In assessing a case, the NIRC (and the Courts) have to take the parties' observance of the Code of Industrial Relations Practice into account. Therefore, for example, if the NIRC found that a group of stewards had in fact led an unfair strike but that the company's labour relations were generally bad because the employer was ignoring the Code, then the NIRC could refuse any remedy, confining itself to a lecture to both parties on their responsibilities.

Very often, an employer who may not have allowed bad relations to develop so flagrantly but was still partly to blame for the unfair strike in question might only gain the remedy of the parties' rights being

end an unlawful strike in such circumstances is not spelt out, and could be one of the main stumbling blocks unless the agreement clearly states the steps that are required.

Cases arising from these provisions are dealt with by the NIRC in the same way as that already explained for the other unfair practices. The Act's provisions on sympathy strikes also lead to more unfair practices.

The more important provision covers "secondary boycotts." It is unfair for an employer not involved in an industrial dispute to be hit (and as a consequence come under pressure to break a commercial contract) as a means of getting at the employer who is involved. For example, in a recognition dispute with a manufacturer where the union has not got sufficient support from the employees, it could tell its lorry driver members employed by other companies not to deliver goods to that manufacturer—thereby involving a disinterested party (the lorry firm) and inducing it to break its commercial contract to deliver goods to the manufacturer.

This amounts to the Act clarifying and developing existing law rather than introducing any fundamentally new principles. It is intended to make it easier for employers to prove their case in the one branch of labour law where employers already have a common law remedy—which they have frequently used in the past. Again, the remedies here are the same as for other unfair practices, and, judging by past experience, most employers will want the NIRC to award the remedy restraining those involved from continuing with the practice.

The final part on strike measures in the Bill deals with emergency procedures under which the Secretary for State can ask the National Industrial Relations Court for orders declaring strike ballots or cooling-off periods in an attempt to avert or delay strikes. To try to stop these measures being used for political expediency, the Government has written into the Act the requirement that the Secretary of State cannot himself order the ballot or cooling-off period but must go to the NIRC first. Nevertheless, the frequency with which these measures are used will obviously depend on political and public pressures.

The approach to the NIRC for both these measures can only be made if a strike or other industrial action, whether it has started or has just been threatened, is in the opinion of the Secretary of State, likely to be gravely injurious to the national economy, to imperil national security or to create a serious risk of public disorder, or "to endanger the lives of a substantial number of persons, or expose a substantial number of persons to serious risk of disease or personal injury."

If it is a ballot that is being asked for, there can be a third alternative, justification—there must be a doubt whether the workers involved would be acting "in accordance with their wishes and whether they have had an adequate opportunity of indicating their wishes in this respect." And the effects of the action "would have to be seriously injurious to the livelihood of a substantial number of workers."

If the NIRC is satisfied when an application is made for a cooling-off period that an emergency situation exists or is likely to, it must make an order specifying the industries or companies involved and also those which, during the period, must not organise or support the industrial action or who must withdraw any strike instructions. The order can last for up to 60 days. If, initially, it is made for a shorter time, it can be extended up to the maximum during the period. In addition, it can be extended to others who may become involved during the period. Parallel provisions are made for lockouts.

But the order in no way instructs the strikers to end their action—it merely instructs their leaders—and nothing can be done if the employees continue their strike or other industrial action after their leaders have obeyed the order. In addition, once the 60 days are over, the Secretary of State and the NIRC can do no more—the "hope" being that a settlement will be reached during the period.

If it is a strike ballot that the Government wants, the Secretary of State must first consult those involved. Later, if the NIRC is then satisfied with the application, it orders a ballot specifying the scope of the dispute, those involved, and the deadline for the ballot to be completed. In fact, this period could sometimes be longer than the 60 days cooling-off maximum. If, in an industry like shipping, it would take a long time to reach widely dispersed employees.

During the period the same restrictions as in the cooling-off period would apply. The ballot would be the responsibility of the CIR but could be conducted by the union involved—at the CIR's expense. The NIRC would publish the ballot result and, again, as in the cooling-off period, that would be the end of the matter because there would be no one on anyone to abide by its result. The hope here is that the industrial action would collapse if it was not supported in the ballot. The Secretary of State could, under the Act, try to delay the industrial action yet again by applying for a cooling-off period, but in practice he seems unlikely to do so.

being that a settlement will be reached during the period.

If it is a strike ballot that the Government wants, the Secretary of State must first consult those involved. Later, if the NIRC is then satisfied with the application, it orders a ballot specifying the scope of the dispute, those involved, and the deadline for the ballot to be completed. In fact, this period could sometimes be longer than the 60 days cooling-off maximum. If, in an industry like shipping, it would take a long time to reach widely dispersed employees.

During the period the same restrictions as in the cooling-off period would apply. The ballot would be the responsibility of the CIR but could be conducted by the union involved—at the CIR's expense. The NIRC would publish the ballot result and, again, as in the cooling-off period, that would be the end of the matter because there would be no one on anyone to abide by its result. The hope here is that the industrial action would collapse if it was not supported in the ballot. The Secretary of State could, under the Act, try to delay the industrial action yet again by applying for a cooling-off period, but in practice he seems unlikely to do so.

The NIRC would publish the ballot result and, again, as in the cooling-off period, that would be the end of the matter because there would be no one on anyone to abide by its result. The hope here is that the industrial action would collapse if it was not supported in the ballot. The Secretary of State could, under the Act, try to delay the industrial action yet again by applying for a cooling-off period, but in practice he seems unlikely to do so.

The NIRC would publish the ballot result and, again, as in the cooling-off period, that would be the end of the matter because there would be no one on anyone to abide by its result. The hope here is that the industrial action would collapse if it was not supported in the ballot. The Secretary of State could, under the Act, try to delay the industrial action yet again by applying for a cooling-off period, but in practice he seems unlikely to do so.

The NIRC would publish the ballot result and, again, as in the cooling-off period, that would be the end of the matter because there would be no one on anyone to abide by its result. The hope here is that the industrial action would collapse if it was not supported in the ballot. The Secretary of State could, under the Act, try to delay the industrial action yet again by applying for a cooling-off period, but in practice he seems unlikely to do so.

The NIRC would publish the ballot result and, again, as in the cooling-off period, that would be the end of the matter because there would be no one on anyone to abide by its result. The hope here is that the industrial action would collapse if it was not supported in the ballot. The Secretary of State could, under the Act, try to delay the industrial action yet again by applying for a cooling-off period, but in practice he seems unlikely to do so.

The NIRC would publish the ballot result and, again, as in the cooling-off period, that would be the end of the matter because there would be no one on anyone to abide by its result. The hope here is that the industrial action would collapse if it was not supported in the ballot. The Secretary of State could, under the Act, try to delay the industrial action yet again by applying for a cooling-off period, but in practice he seems unlikely to do so.

The NIRC would publish the ballot result and, again, as in the cooling-off period, that would be the end of the matter because there would be no one on anyone to abide by its result. The hope here is that the industrial action would collapse if it was not supported in the ballot. The Secretary of State could, under the Act, try to delay the industrial action yet again by applying for a cooling-off period, but in practice he seems unlikely to do so.

The NIRC would publish the ballot result and, again, as in the cooling-off period, that would be the end of the matter because there would be no one on anyone to abide by its result. The hope here is that the industrial action would collapse if it was not supported in the ballot. The Secretary of State could, under the Act, try to delay the industrial action yet again by applying for a cooling-off period, but in practice he seems unlikely to do so.

The NIRC would publish the ballot result and, again, as in the cooling-off period, that would be the end of the matter because there would be no one on anyone to abide by its result. The hope here is that the industrial action would collapse if it was not supported in the ballot. The Secretary of State could, under the Act, try to delay the industrial action yet again by applying for a cooling-off period, but in practice he seems unlikely to do so.

The NIRC would publish the ballot result and, again, as in the cooling-off period, that would be the end of the matter because there would be no one on anyone to abide by its result. The hope here is that the industrial action would collapse if it was not supported in the ballot. The Secretary of State could, under the Act, try to delay the industrial action yet again by applying for a cooling-off period, but in practice he seems unlikely to do so.

The NIRC would publish the ballot result and, again, as in the cooling-off period, that would be the end of the matter because there would be no one on anyone to abide by its result. The hope here is that the industrial action would collapse if it was not supported in the ballot. The Secretary of State could, under the Act, try to delay the industrial action yet again by applying for a cooling-off period, but in practice he seems unlikely to do so.

The NIRC would publish the ballot result and, again, as in the cooling-off period, that would be the end of the matter because there would be no one on anyone to abide by its result. The hope here is that the industrial action would collapse if it was not supported in the ballot. The Secretary of State could, under the Act, try to delay the industrial action yet again by applying for a cooling-off period, but in practice he seems unlikely to do so.

The NIRC would publish the ballot result and, again, as in the cooling-off period, that would be the end of the matter because there would be no one on anyone to abide by its result. The hope here is that the industrial action would collapse if it was not supported in the ballot. The Secretary of State could, under the Act, try to delay the industrial action yet again by applying for a cooling-off period, but in practice he seems unlikely to do so.

The NIRC would publish the ballot result and, again, as in the cooling-off period, that would be the end of the matter because there would be no one on anyone to abide by its result. The hope here is that the industrial action would collapse if it was not supported in the ballot. The Secretary of State could, under the Act, try to delay the industrial action yet again by applying for a cooling-off period, but in practice he seems unlikely to do so.

The NIRC would publish the ballot result and, again, as in the cooling-off period, that would be the end of the matter because there would be no one on anyone to abide by its result. The hope here is that the industrial action would collapse if it was not supported in the ballot. The Secretary of State could, under the Act, try to delay the industrial action yet again by applying for a cooling-off period, but in practice he seems unlikely to do so.

The NIRC would publish the ballot result and, again, as in the cooling-off period, that would be the end of the matter because there would be no one on anyone to abide by its result. The hope here is that the industrial action would collapse if it was not supported in the ballot. The Secretary of State could, under the Act, try to delay the industrial action yet again by applying for a cooling-off period, but in practice he seems unlikely to do so.

The NIRC would publish the ballot result and, again, as in the cooling-off period, that would be the end of the matter because there would be no one on anyone to abide by its result. The hope here is that the industrial action would collapse if it was not supported in the ballot. The Secretary of State could, under the Act, try to delay the industrial action yet again by applying for a cooling-off period, but in practice he seems unlikely to do so.

The NIRC would publish the ballot result and, again, as in the cooling-off period, that would be the end of the matter because there would be no one on anyone to abide by its result. The hope here is that the industrial action would collapse if it was not supported in the ballot. The Secretary of State could, under the Act, try to delay the industrial action yet again by applying for a cooling-off period, but in practice he seems unlikely to do so.

The NIRC would publish the ballot result and, again, as in the cooling-off period, that would be the end of the matter because there would be no one on anyone to abide by its result. The hope here is that the industrial action would collapse if it was not supported in the ballot. The Secretary of State could, under the Act, try to delay the industrial action yet again by applying for a cooling-off period, but in practice he seems unlikely to do so.

The NIRC would publish the ballot result and, again, as in the cooling-off period, that would be the end of the matter because there would be no one on anyone to abide by its result. The hope here is that the industrial action would collapse if it was not supported in the ballot. The Secretary of State could, under the Act, try to delay the industrial action yet again by applying for a cooling-off period, but in practice he seems unlikely to do so.

The NIRC would publish the ballot result and, again, as in the cooling-off period, that would be the end of the matter because there would be no one on anyone to abide by its result. The hope here is that the industrial action would collapse if it was not supported in the ballot. The Secretary of State could, under the Act, try to delay the industrial action yet again by applying for a cooling-off period, but in practice he seems unlikely to do so.

The NIRC would publish the ballot result and, again, as in the cooling-off period, that would be the end of the matter because there would be no one on anyone to abide by its result. The hope here is that the industrial action would collapse if it was not supported in the ballot. The Secretary of State could, under the Act, try to delay the industrial action yet again by applying for a cooling-off period, but in practice he seems unlikely to do so.

The NIRC would publish the ballot result and, again, as in the cooling-off period, that would be the end of the matter because there would be no one on anyone to abide by its result. The hope here is that the industrial action would collapse if it was not supported in the ballot. The Secretary of State could, under the Act, try to delay the industrial action yet again by applying for a cooling-off period, but in practice he seems unlikely to do so.

The NIRC would publish the ballot result and, again, as in the cooling-off period, that would be the end of the matter because there would be no one on anyone to abide by its result. The hope here is that the industrial action would collapse if it was not supported in the ballot. The Secretary of State could, under the Act, try to delay the industrial action yet again by applying for a cooling-off period, but in practice he seems unlikely to do so.

The NIRC would publish the ballot result and, again, as in the cooling-off period, that would be the end of the matter because there would be no one on anyone to abide by its result. The hope here is that the industrial action would collapse if it was not supported in the ballot. The Secretary of State could, under the Act, try to delay the industrial action yet again by applying for a cooling-off period, but in practice he seems unlikely to do so.

The NIRC would publish the ballot result and, again, as in the cooling-off period, that would be the end of the matter because there would be no one on anyone to abide by its result. The hope here is that the industrial action would collapse if it was not supported in the ballot. The Secretary of State could, under the Act, try to delay the industrial action yet again by applying for a cooling-off period, but in practice he seems unlikely to do so.

The NIRC would publish the ballot result and, again, as in the cooling-off period, that would be the end of the matter because there would be no one on anyone to abide by its result. The hope here is that the industrial action would collapse if it was not supported in the ballot. The Secretary of State could, under the Act, try to delay the industrial action yet again by applying for a cooling-off period, but in practice he seems unlikely to do so.

The NIRC would publish the ballot result and, again, as in the cooling-off period, that would be the end of the matter because there would be no one on anyone to abide by its result. The hope here is that the industrial action would collapse if it was not supported in the ballot. The Secretary of State could, under the Act, try to delay the industrial action yet again by applying for a cooling-off period, but in practice he seems unlikely to do so.

The NIRC would publish the ballot result and, again, as in the cooling-off period, that would be the end of the matter because there would be no one on anyone to abide by its result. The hope here is that the industrial action would collapse if it was not supported in the ballot. The Secretary of State could, under the Act, try to delay the industrial action yet again by applying for a cooling-off period, but in practice he seems unlikely to do so.

The NIRC would publish the ballot result and, again, as in the cooling-off period, that would be the end of the matter because there would be no one on anyone to abide by its result. The hope here is that the industrial action would collapse if it was not supported in the ballot. The Secretary of State could, under the Act, try to delay the industrial action yet again by applying for a cooling-off period, but in practice he seems unlikely to do so.

The NIRC would publish the ballot result and, again, as in the cooling-off period, that would be the end of the matter because there would be no one on anyone to abide by its result. The hope here is that the industrial action would collapse if it was not supported in the ballot. The Secretary of State could, under the Act, try to delay the industrial action yet again by applying for a cooling-off period, but in practice he seems unlikely to do so.

The NIRC would publish the ballot result and, again, as in the cooling-off period, that would be the end of the matter because there would be no one on anyone to abide by its result. The hope here is that the industrial action would collapse if it was not supported in the ballot. The Secretary of State could, under the Act, try to delay the industrial action yet again by applying for a cooling-off period, but in practice he seems unlikely to do so.

The NIRC would publish the ballot result and, again, as in the cooling-off period, that would be the end of the matter because there would be no one on anyone to abide by its result. The hope here is that the industrial action would collapse if it was not supported in the ballot. The Secretary of State could, under the Act, try to delay the industrial action yet again by applying for a cooling-off period, but in practice he seems unlikely to do so.

The NIRC would publish the ballot result and, again, as in the cooling-off period, that would be the end of the matter because there would be no one on anyone to abide by its result. The hope here is that the industrial action would collapse if it was not supported in the ballot. The Secretary of State could, under the Act, try to delay the industrial action yet again by applying for a cooling-off period, but in practice he seems unlikely to do so.

The NIRC would publish the ballot result and, again, as in the cooling-off period, that would be the end of the matter because there would be no one on anyone to abide by its result. The hope here is that the industrial action would collapse if it was not supported in the ballot. The Secretary of State could, under the Act, try to delay the industrial action yet again by applying for a cooling-off period, but in practice he seems unlikely to do so.

The NIRC would publish the ballot result and, again, as in the cooling-off period, that would be the end of the matter because there would be no one on anyone to abide by its result. The hope here is that the industrial action would collapse if it was not supported in the ballot. The Secretary of State could, under the Act, try to delay the industrial action yet again by applying for a cooling-off period, but in practice he seems unlikely to do so.

The NIRC would publish the ballot result and, again, as in the cooling-off period, that would be the end of the matter because there would be no one on anyone to abide by its result. The hope here is that the industrial action would collapse if it was not supported in the ballot. The Secretary of State could, under the Act, try to delay the industrial action yet again by applying for a cooling-off period, but in practice he seems unlikely to do so.

being that a settlement will be reached during the period.

If it is a strike ballot that the Government wants, the Secretary of State must first consult those involved. Later, if the NIRC is then satisfied with the application, it orders a ballot specifying the scope of the dispute, those involved, and the deadline for the ballot to be completed. In fact, this period could sometimes be longer than the 60 days cooling-off maximum. If, in an industry like shipping, it would take a long time to reach widely dispersed employees.

During the period the same restrictions as in the cooling-off period would apply. The ballot would be the responsibility of the CIR but could be conducted by the union involved—at the CIR's expense. The NIRC would publish the ballot result and, again, as in the cooling-off period, that would be the end of the matter because there would be no one on anyone to abide by its result. The hope here is that the industrial action would collapse if it was not supported in the ballot. The Secretary of State could, under the Act, try to delay the industrial action yet again by applying for a cooling-off period, but in practice he seems unlikely to do so.

The NIRC would publish the ballot result and, again, as in the cooling-off period, that would be the end of the matter because there would be no one on anyone to abide by its result. The hope here is that the industrial action would collapse if it was not supported in the ballot. The Secretary of State could, under the Act, try to delay the industrial action yet again by applying for a cooling-off period, but in practice he seems unlikely to do so.

The NIRC would publish the ballot result and, again, as in the cooling-off period, that would be the end of the matter because there would be no one on anyone to abide by its result. The hope here is that the industrial action would collapse if it was not supported in the ballot. The Secretary of State could, under the Act, try to delay the industrial action yet again by applying for a cooling-off period, but in practice he seems unlikely to do so.

The NIRC would publish the ballot result and, again, as in the cooling-off period, that would be the end of the matter because there would be no one on anyone to abide by its result. The hope here is that the industrial action would collapse if it was not supported in the ballot. The Secretary of State could, under the Act, try to delay the industrial action yet again by applying for a cooling-off period, but in practice he seems unlikely to do so.

The NIRC would publish the ballot result and, again, as in the cooling-off period, that would be the end of the matter because there would be no one on anyone to abide by its result. The hope here is that the industrial action would collapse if it was not supported in the ballot. The Secretary of State could, under the Act, try to delay the industrial action yet again by applying for a cooling-off period, but in practice he seems unlikely to do so.

The NIRC would publish the ballot result and, again, as in the cooling-off period, that would be the end of the matter because there would be no one on anyone to abide by its result. The hope here is that the industrial action would collapse if it was not supported in the ballot. The Secretary of State could, under the Act, try to delay the industrial action yet again by applying for a cooling-off period, but in practice he seems unlikely to do so.

The NIRC would publish the ballot result and, again, as in the cooling-off period, that would be the end of the matter because there would be no one on anyone to abide by its result. The hope here is that the industrial action would collapse if it was not supported in the ballot. The Secretary of State could, under the Act, try to delay the industrial action yet again by applying for a cooling-off period, but in practice he seems unlikely to do so.

The NIRC would publish the ballot result and, again, as in the cooling-off period, that would be the end of the matter because there would be no one on anyone to abide by its result. The hope here is that the industrial action would collapse if it was not supported in the ballot. The Secretary of State could, under the Act, try to delay the industrial action yet again by applying for a cooling-off period, but in practice he seems unlikely to do so.

The NIRC would publish the ballot result and, again, as in the cooling-off period, that would be the end of the matter because there would be no one on anyone to abide by its result. The hope here is that the industrial action would collapse if it was not supported in the ballot. The Secretary of State could, under the Act, try to delay the industrial action yet again by applying for a cooling-off period, but in practice he seems unlikely to do so.

The NIRC would publish the ballot result and, again, as in the cooling-off period, that would be the end of the matter because there would be no one on anyone to abide by its result. The hope here is that the industrial action would collapse if it was not supported in the ballot. The Secretary of State could, under the Act, try to delay the industrial action yet again by applying for a cooling-off period, but in practice he seems unlikely to do so.

The NIRC would publish the ballot result and, again, as in the cooling-off period, that would be the end of the matter because there would be no one on anyone to abide by its result. The hope here is that the industrial action would collapse if it was not supported in the ballot. The Secretary of State could, under the Act, try to delay the industrial action yet again by applying for a cooling-off period, but in practice he seems unlikely to do so.

Overseas
News

IN BRIEF

CANBERRA: Prime Minister William McMahon confirmed yesterday that Sir Alexander Downer had been reappointed as Australian High Commissioner in London until October, 1972.

VATICAN CITY: Pope Paul VI said in an urgent appeal for peace in the Middle East, "It is necessary to wake up the sense of humanity of the world, to save the lives of a numerable human beings."

KARACHI: The Pakistani martial law authorities yesterday said one week had been suspended by the military government. The martial law was imposed by the military government in 1970.

CALCUTTA: Chandra Shekhar Prasad, a leader of the Indian National Congress, said that the government should not be allowed to "steal" the election. He said that the government should be allowed to "steal" the election.

PARIS: More than 1,140 French military aircraft have been sent to the Middle East since the start of the conflict. The French government has said that it will continue to support the Israeli forces.

MELBOURNE: Freedom from Hunger campaigners fasting and collecting money on the steps of the Melbourne General Post Office were threatened with police action by the Federal Attorney General Iver Greenwood. The Minister said that the campaigners had been given "a fair go."

OTTAWA: The Canadian Government announced that it had agreed to a three times as strong a marriage law on the street.

NICOSIA: Armed groups are being formed in Cyprus. The Greek Cypriot side is forming a "National Guard" and the Turkish Cypriot side is forming a "National Guard".

W. German
opposition
election

BOYD: Oct. 3. WEST GERMANY'S Christian Democratic opposition gathered in Saarbrücken to elect a new party chairman to succeed the former Chancellor Dr. Kiesinger. The man who is chosen will stand a good chance of winning the party's candidate for Chancellor in the Federal elections due in autumn 1973. There are only two candidates for the chairmanship: Dr. Rainer Barzel, the 47-year-old CDU Parliamentary leader and the clear favourite, and Dr. Helmut Kohl, the younger and more liberal chief minister of the Rheinland-Palatinate. From the announcements from the various Länder, it already seems that Dr. Barzel is bound to win. Dr. Kohl, however, is fighting to say that the office of chairman and candidate for Chancellor should be separated. Thus, even assuming Dr. Kohl is defeated to-morrow, the battle to separate the two functions could still be carried on. There are still doubts about whether the new CDU leader will become the party's candidate for Chancellor, because of the attitude of Herr Franz Josef Strauss, leader of the CDU's Bavarian sister party — the Christian Socialist Union, the Bavarians play no part in tomorrow's elections. The date for formally choosing the candidate for Chancellor has still not been chosen, and even the process is in some doubt. Both will depend on consultations between the CDU and the Bavarians, who have a numerically smaller still carry considerable weight. It is thought possible that if Dr. Barzel does not seem to be making much impression on public opinion, Herr Strauss could still make a bid for the post. This would probably have to depend on public disillusion with the Government's Ostpolitik coupled with an economic recession leading to calls for a "strong" government. A final possible candidate for chairman, who is not seeking the CDU party chairmanship to-morrow, is Dr. Gerhard Schröder, the 61-year-old former minister for defence and foreign affairs, though he is now running very much behind.

Gowon hopeful for economy

BY OUR OWN CORRESPONDENT

NIGERIA'S four-year development plan launched under a year ago has made very good progress to most areas. Gowon, the Head of State, with the overall growth rate in 1970-71 estimated at 9.6 per cent. A comprehensive progress report on the plan now being prepared would be published early next year. Gowon added in a nationwide broadcast marking Friday's 11th anniversary of independence. He told the nation that at about N11,860m in 1970-71 gross domestic product had substantially surpassed the level of N11,583m reached in 1966-67. General Gowon disclosed that other indicators such as exports, industrial production, external reserves, and Government revenue indicated that the economy "is again returning to a path of sustained growth which should be better than before the crisis."

On the decision to "nigerianise" certain classes of business and industrial activities, General Gowon said a decree to give effect to this policy would soon be promulgated. "The intention is to phase out the taking over of some of these businesses by Nigerians in such a way that we avoid any disruption of the economy," he said. He also announced that the Government was proposing to go into large-scale agricultural production in partnership with State Governments and genuine foreign investors. The aim was to establish plantations of both food and cash crops on which agro-allied industries could be based. The development of the livestock and meat industry would also be pursued under this new flexible approach. For the first time, the Government would provide credit facilities for well conceived agricultural schemes. These are some of the measures to arrest the rise in the cost of living. General Gowon said that the Federal Government was now completing plans for intensifying implementation of the nine-point programme for a return to civilian rule in 1976 and for broadening the base of communication and consultations between people and Government. These plans would soon be published and would be vigorously implemented for the benefit of all. Renter adds: General Gowon has risen from the rank of major-general to full general in a fresh promotion of senior military personnel. It was officially announced here.

Violence flares but
Thieu heads for
landslide victory

SAIGON, Oct. 3.

PRESIDENT Nguyen Van Thieu was certain of victory and a counting ballots before the late night curfew began. But as voters turned out in huge numbers, officials reported about 19 people were killed and 51 injured in rocket and artillery attacks from North Vietnamese gunners and in demonstrations. In the northern centre of Da Nang, police backed by troops with armoured cars confined several hundred demonstrators to the main pagoda following a day of scattered riots. At one stage the city appeared to be under siege as about 2,000 student and service veterans tried to march in protest against the non-constituted election. Eight people, including five policemen, were injured in street fighting as the students buried petrol bombs and stones in reply to police tear gas attacks. Buddhist sources claimed two youths were shot by police, who denied the reports. In military attacks, three rockets fell on central Saigon for the first time in 11 months, killing three people. Two of the 122 mm Soviet-made rockets hit a U.S. navy installation on the eastern bank of the Saigon river and the third landed among a cluster of black market stalls. Military officials said the rocket attacks were a Communist show of strength and apparently aimed at discrediting the President's claim to security throughout the nation. UPI reports: Soviet President Nikolai Podgorny arrived in Hanoi to-day and was greeted by cheering crowds waving their flags. The Soviet news agency said Vietnam's official news agency said.

French-China agreement

BY ROBERT MAUTHNER

PARIS, Oct. 3.

FRANCE and China have agreed to take a first step towards improving commercial relations by setting up bilateral trade commissions. The decision was taken at a meeting here at the end of last week between Mr. Pi Hsiang-kun, the Chinese Foreign Trade Minister, and M. Valéry Giscard d'Estaing, the French Finance Minister. M. Giscard d'Estaing made clear that no specific commercial contracts had been discussed with the Chinese government. The delegation which is currently visiting France. But possible orders for the Concorde could come up at another meeting between the French Minister and Pompidou and his guest made clear that their visit was purely international problems was very similar. Indeed, M. Pompidou went rather further in public than he has done hitherto in deploring the limited resumption of U.S. bombing of North Vietnam and in emphasising that France had no objection to another and normally require South Vietnamese presidential many months of negotiations. elections were not "truly free."

Presidents of new Arab
Confederation meet

BY OUR OWN CORRESPONDENT

CAIRO, Oct. 3.

THE PRESIDENTIAL Council of the Confederation of Arab Republics will hold its first meeting here to-morrow, according to the authoritative newspaper Al-Ahram. President Anwar Sadat of Egypt, Hafez Assad of Syria and Moammar Khaddafi of Libya are expected to take the constitutional oath in the Gamal Abdel Nasser Hall at the Arab Socialist Union headquarters. They will then elect a Council chairman from among themselves for an initial two-year term, name the Confederation's capital—confidently expected to be Cairo—and decide on a national flag. The three Presidents will then decide on the Confederation's budget, institutions and specialised councils. They are also expected to discuss the latest political and military developments in the area, in particular the Egyptian-Saudi attempt to conciliate between the Jordanian Government and the Palestinian resistance movement. A meeting of the three chiefs of state was scheduled to get underway in Cairo to-day. The military leaders will discuss military co-operation among the three confederal states and report on their deliberations to the Presidential Council. At Al-Ahram reported to-day that President Sadat's announced trip to Moscow has been scheduled for next Sunday. Renter reports from Tel Aviv: Israel to-day released some of the 100 Arab guerrillas who surrendered to Israeli troops last July after fleeing from the Jordanian army, it was officially announced here. A military spokesman said several of the men were freed after investigations showed they had not participated in hostile actions against Israel.

Philly claim
upsets Beirut

By Our Own Correspondent

BEIRUT, Oct. 3.

LEBANON has reacted strongly to allegations by Kim Philby, the British spy, that a number of Lebanese were working for British Intelligence. Premier Saeb Salam ridiculed the allegations. A number of Lebanese named by Philby called him a "big liar" and the issue appears to spell out much trouble for Soviet-Lebanese relations as for the British Government. On the other hand, Baghdad Radio found satisfaction in the fact that three British diplomats expelled by Iraq in July on charges of espionage and conspiracy were among those mentioned by Philby as heading the British intelligence network in the Middle East. Reports in the Press here to-day indicated Iraq is to step up its campaign against the British secret service.

SOUTH AFRICA'S BANTUSTANS

A surprising political opportunity

BY MERLE LIFTON

CHIEFS Matanzima, Buthezi and Mangope, the three most prominent leaders from the Bantustans, set up by the South African Government in pursuit of its "separate development" policy, arrive in the United Kingdom to-day as guests of the British Government. They come at a time when the Bantustans are arousing intense interest in South Africa, especially among opponents of apartheid. The separate development policy was evolved in response to international pressure by Dr. Verwoerd. He conceded (in theory) that Blacks were entitled to equal opportunities and political rights, and proposed to set up eight separate Bantu States (excluding South West Africa for which another 11 were planned) in which the different Black "nations" could develop separately but equally with the Whites—ultimately to full independence. The reaction to this policy was one of scepticism and suspicion. How could South Africa expect anyone to take seriously the creation of eight "states" subdivided into numerous pieces, comprising together 13 per cent of the land area for 70 per cent of the people? Surely this was not a concession, but an attempt to divide and rule and an inoperative means of dumping "surplus" Blacks, that is, those whose labour was not required, in backward reserves, thereby creating vast reservoirs of cheap labour for the Whites.

Toleration

Liberals like Alan Paton, who levelled these accusations, are however having second thoughts about the Bantustans—and at the same time opposition to the policy is growing on the Right wings of both the Nationalist and United Parties. Progressive and ultra-conservatives have reversed their roles because the Bantustans are now offering unexpected (if limited) political opportunities to Africans; and political though not economic independence for some of them has become a real possibility. The key factor has been the attempt by Africans to use their Bantustan institutions and the South African Government's

toleration of this. The turning-point came in April 1970 when Chief Gatsha Buthezi, the popular and respected Zulu leader, whose resistance had made it impossible to operate the system among the 4m Zulus, changed his mind. The economic price of opposing "Zulustan" was proving too high. In spite of his serious reservations about the policy and his own belief in multi-racialism, Chief Buthezi expressed his willingness to try it "as an experiment." He would take the Government at its word and expect it to implement its policy rapidly. "When man is reaching for the moon, the Zulus cannot be expected to move towards self-determination at a waggoo pace." Within a year, Chief Buthezi has become a figure of national importance. His speeches are headlined in the White and Black Press. When he remarked in June that he had never met Mr. Vorster, a meeting was rapidly arranged: no African leader in South Africa has commanded such attention and respect from the Whites.

His message to the Africans is that they must—like the Afrikaners and the American negroes—rely on themselves and not on outside help. Backed by his Territorial Authority (the mainly tribal governing body of the Bantustan which elects the leader), he has demanded free compulsory education equal pay for equal work, the right to have laws different from those in the Republic and the right of the Zulus to their great military tradition to bear arms. "to show that we are trusted." He demands more land, consolidation of the 29 large and 150 smaller pieces into which the proposed Zulustan is split, and a port "so that we can breathe." On his trips abroad he has not supported total boycott and isolation of South Africa, but asked for foreign investment in Zululand and urged companies operating there to improve pay and conditions of African workers, arguing that "while a solution acceptable to the majority of the people is being sought, it must be appreciated that we have to live in the meantime."

This is not the language of a

stooge. (Chief Matanzima is no stooge either, but his conservatism and political reliance on the Whites has sometimes obscured this fact.) In 1968 only one Bantustan, the Transkei, was in existence and both Mr. Vorster and Mr. C. R. Botha, the Minister for Bantu Affairs, were assuring the electorate that independence for the eight projected Bantu states was still a very long way off. Since 1968 the pace has quickened in a number of ways. First, the Territorial Authorities of the other seven Bantustans have been rapidly reconstituted and they are all constitutionally well on the way to Transkei-type home rule. Most have now been promoted to Legislative Assembly status, and have their own Executive Councils with very limited powers and small budgets. Secondly, the former stringent preconditions for independence have been relaxed. Dr. Verwoerd's insistence that Black numbers must be reduced so that there is at least parity in "White" South Africa by 2000 has been abandoned. Mr. Vorster's Government has declared that numbers are no longer crucial, as long as the policy is accepted in principle, there is no need to have "an arithmetical outlook on life."

Finally, although sceptics scoff at the suggestion that South Africa will ever grant independence to these territories, Mr. Vorster has committed himself in this. He has frequently and publicly stated that this is a concession South Africa must make if it is to win the friendship of the Black man in South Africa and in Africa. It was recently reported that he told a conference of Nationalist Party organisers that some of the Bantustans would be independent within four years. Constitutional and to a lesser extent political developments have not, however, been matched by progress with the immense economic and geographical problems involved and it is on these that the viability and credibility of the Bantustans must ultimately rest. Little has been done about consolidation and only the minute South Sotho state (intended for 1.4m Sothos, but at present occupied by only 1 per cent, that is 15,000 of them) is in one piece.

In economic development the picture is of declining agricultural production and very slow progress in creating jobs outside agriculture for the rapidly growing population. In the Transkei, the showpiece Bantustan, there are only 42,401 jobs outside agriculture and only 4,000 of these have been created in the last three years, despite increased efforts and expenditure by the Khosa Development Corporation.

This has meant that after the first decade of separate development, the homelands are less able to support themselves than they were in 1960, when the ratio of domestic income to that earned outside the Transkei by migrant workers was 47:53. In 1966 this was down to 42:58. This failure is particularly serious in the light of latest census figures and recent population shifts. Professor F. R. Tomlinson's report which provided the blueprint for Bantustan development in 1954 made the assumption that, with the reorganisation of agriculture and the creation of 1.35m new jobs outside agriculture, the homelands would be able to support half of the projected African population of 20m. by 2000.

But, although agricultural reform and job creation have lagged behind target, population growth has been very rapid. On the basis of the 1970 Census it seems that the African population in 2000 will be at least 40m. Moreover, as European agriculture is modernised and the labour tenant system abolished, the homelands are faced with a frightening influx of "surplus" Africans from the White rural areas. In Natal alone this is likely to amount to an extra 500,000 people, who are meanwhile being accommodated in "resettlement camps."

Puppet To force such large numbers into backward, overcrowded Bantustans will be a purely expensive task. Government expenditure on the homelands in the decade 1959-69 was R223m. Expenditure in 1970 was R73m, which equates 2.8 per cent of current expenditure, or a third of the defence budget and is clearly not enough to effect a genuine shift of population and resources against the null of economic forces, that is, growing unemployment and impoverishment in the Bantustans watched by growing labour shortage in the White areas.

The international community, and particularly the key African states, may in the near future be faced with requests for recognition and applications for membership of the OAU and UN by an independent Tswana-land, Ovambo-land (a particularly complicated case), or Transkei. South Africa will argue that the world ought to facilitate its attempt at decolonisation: some of its critics will be opposed to any recognition of these puppet regimes, which South Africa is merely using as a passport to international acceptance, while the Bantustans themselves will probably plead for aid and friendship so that they can become more truly independent. It will be a difficult and important decision.

BCL introduce
the Molecular
computer systemMOLECULAR 18
-the most exciting
computer ever

BCL have done it again. Firmly established as leaders in the field with the famous Sadie/Susie range of Visible Record Computers, we now introduce the Molecular 18... basically an 18-bit word central processing unit with completely comprehensive performance potential, enabling you to produce exactly the computer application you require. Its capability goes far beyond the merely one-

dimensional program expansion. You can select from the entire range of peripherals — input/output terminals; tape and punched card readers and punches; CRT displays; line and serial printers; magnetic stripe ledger card readers and so on. Varying combinations of peripherals give you different computer structures, similar to building a chemical molecular structure — that's why we call it the Molecular Computer System. And it offers you millions of characters of fast on-line storage and print-out speeds.

It's a new angle on computers... your angle. We found that the ideal computer specification varies with almost every situation — so we've produced a computer system to match.

Money Wise

Certainly computers can be expensive, even small computers. But that's where the Molecular System really scores. Because of the dimensional flexibility, you purchase hardware and software only as and when you require it. When you expand so can the Molecular 18... no idle potential. Our prices include systems analysis, programming, staff training and support... it's what accountants dream about.

Interested? Then please give us an opportunity to prove our enthusiasm is entirely justified.

Stand No. 107
Business Efficiency Exhibition

Post this coupon now.
I am interested. Send me further details about the Molecular Computer System.

NAME _____

COMPANY _____

ADDRESS _____

**Business
Computers
Limited**

The Big Name in Small Computers

180 Tottenham Court Road, London, W1P 0HY 01-580 8361

BRANCHES AT: BIRMINGHAM · BRISTOL · CROYDON · DUBLIN · EDINBURGH · GLASGOW · ILFORD · LEEDS · LEICESTER · LIVERPOOL · LONDON (WEST END & CITY) · LUTON · MANCHESTER · NEWCASTLE · SOUTHAMPTON · WEMBLEY

Nationwide After-Sales Service

CONTRACTS AND TENDERS

REPUBLIC OF BOTSWANA
SHASHE PROJECT

CONTRACT E2—MORUPULE RAIL SPUR

The Government of the Republic of Botswana will shortly be inviting tenders for the construction of a railway from Palapye to a siding near Morupule. Palapye is located on the existing main railway approximately 150 km south of Francistown and Morupule is approximately 12 km west of Palapye.

A loan agreement has been signed with the International Bank for Reconstruction and Development to finance the project.

The major items of work included in the Contract involve the following approximate quantities: earthworks 40 000 cu.m.; gravel ballast 9 000 cu.m.; laying only of approximately 15 km of single track railway; fencing 27 000 m; telegraph line 14 km.

Completion time for the Contract will be six months. The Tender Documents, in English, will be available in November, 1971, and the anticipated date for return of tenders is mid-January, 1972.

Firms interested in tendering for this Contract should apply by the 30th October, 1971, to the Consulting Engineers at the address below. Applications must be accompanied by the payment of fifty rand or the equivalent in foreign exchange and by details of previous experience of work of a comparable nature.

The amount of fifty rand will be returned on receipt of a bona fide tender by the due date.

The address of the Consulting Engineers is:
Sir Alexander Gibb & Partners,
P.O. Box 345,
Gaborone,
Botswana.

BUSINESS OPPORTUNITIES

CHESHAM FOR MERGERS BY AGREEMENT

CHESHAM

AMALGAMATIONS & INVESTMENTS LIMITED
LICENSED DEALERS IN SECURITIES
32 Chesham Place, London SW1X 8HE, Tel. 01-235 4551

RARE OPPORTUNITY

Due to owner's deteriorating ill-health, London training college must be sold immediately for reasons of cost. Scope for adding Secretarial Courses, English for Foreigners, Tutorial for Languages and C.E.E. subjects. The Accounts valuation £44,000. Records advertised for sale at £25,000. Will accept any reasonable offer. Part-payment possible. £200 weekly profit assured when college is advertised. Interested parties should only write Box 8048, Financial Times, 10, Cannon Street, EC4A 3BT.

DO YOU HAVE ANY CONTACTS

in any of the following countries—South Africa, Holland, France, Norway, Sweden, Denmark, Finland, Italy or Japan?

Yes! Then contact Colin Hooper, 269 Chester Road, Castle Bromwich, Birmingham B36 5JF, Tel. 021-747 3483. (Evening) when you will learn to your mutual advantage how you can both earn (part-time) £1,000+ per month. Yes! £1,000+ per month. Phone or write now!

NON EXECUTIVE

DIRECTORSHIP(S)

sought by 52-year-old Swiss executive with considerable international experience in all aspects of management. Preferably in or around London. Reply to strictest confidence to Box 8049, Financial Times, 10, Cannon Street, EC4A 3BT.

SECURED INVESTMENT

Financial Consultants are retained by three separate clients requiring investments of £20,000, £15,000 and £10,000 respectively. The investment can be secured. Interest is attractive. Apply in confidence with references to Box 8047, Financial Times, 10, Cannon Street, EC4A 3BT.

CONFERENCE

HOTELS

Slaugham Manor

34 miles, London. Full facilities. Residential and day conferences. Details
Slaugham Manor
Slaugham, Sussex, Handcross SS5

PERSONAL

BOARD ROOM CATERING—2 or 3 courses in 10-12 courses served by a life time catering manager. Competitive prices. Enquiries welcome to Box 8046, Financial Times, 10, Cannon Street, EC4A 3BT.

UNIQUE FOR PROTECTING your investment and furthering your interest. A shrewd move delivered to two door ways. It all for you. 01-727 3922.

CLASSIFIED ADVERTISEMENT
RATES

	Display Rate Per S.C.I.
Appointments	13.00
Business Opportunities	15.00
Industrial Property	13.00
Residential Property	10.50
Travel	13.00
Salerooms	9.00

All other categories on request to—
The Classified Advertisement Manager,
Financial Times,
10, Cannon Street, London, EC4A 3BT.
Tel.: 01-248 8000.

Provincial Offices—
Manchester: Mr. A. Monk. 061-834 9881.
Birmingham: Miss M. Harborne. 021-454 2487.

APPOINTMENTS

Group managing director
change at Ault & Wiborg

Mr. John McLaren has been appointed group managing director of AULT & WIBORG. He succeeds Mr. A. Crawford who has resigned that post but continues as chairman.

Mr. C. F. Strang, the secretary, has joined the Board as financial director.

Mr. P. S. J. Austin and Miss A. F. White have been appointed directors of EVANS BROTHERS (BOOKS).

Mr. C. M. Henderson has been elected to the Board of HENDERSON ADMINISTRATION and Mr. J. R. Henderson has resigned.

MERCANTILE CREDIT COMPANY has revised its management structure following the acquisition of Astley Industrial Trust. The present Board of management is replaced by a group management Board under the chairmanship of Mr. A. Victor Adey, group managing director.

Members of the former Board of management become directors of the group management Board and newly appointed members are: Mr. B. S. Jones, managing director, Newcastle; Credit Finance; Mr. F. A. L. Robinson, managing director, Routes Acceptances; and Mercantile Credit (Factor); Mr. A. H. Doherty, group treasurer; and Mr. E. W. Dawson, with responsibilities for general administration services.

Mr. Graham C. Truwell has been appointed director of development succeeding Mr. W. John West, who, on medical advice, has been asked to be relieved of executive duties on December 31. Mr. West will continue on the Board in a non-executive capacity.

Mr. Truwell, who will continue as director of Mercantile Leasing Company, will be succeeded as managing director of that company by Mr. Stuart G. Errington. Mr. R. T. Graham, Mr. G. Jenkins and Mr. G. W. Howson are also appointed to that Board.

Mr. John Livingston, a director of W. J. ANDERSON AND SON, has retired.

Mr. N. K. Kinkadee-Weeks and Mr. M. A. R. Herries have been appointed directors of WITAN INVESTMENT COMPANY. Mr. E. Butler-Henderson has resigned from the Board.

Mr. Arthur Boe, chairman and managing director of the Corporation Iron and Steel Group, has been appointed chairman of DANKS OF NETHERTON in succession to Mr. Harold Fletcher who has retired.

Mr. Antony Barnes, a director of Standard Industrial Trust, the financial adviser to the company, has been appointed to the Board. Mr. Roe and Mr. Barnes have also joined the Board of the subsidiary, Willmot Trucks.

Mr. A. M. Worr, principal industrial relations officer, British Railways Board, has been appointed chief personnel officer, London Midland Region. He succeeds Mr. Claude Hankins who is moving to headquarters as executive director, personnel.

Mr. D. E. Lewis, general manager and director of J. ARTHUR DIXON, has been appointed managing director.

Professor R. B. Smallman of the department of physical metallurgy of Birmingham University has been elected president of the BIRMINGHAM METALLURGICAL ASSOCIATION. He succeeds Dr. R. A. Smith.

Mr. Colin Wilson has been appointed works director of PIONEER (GLASSING AND MOULDING CO. subsidiary of J. H. Fenner and Co. (Holdings)).

Following the acquisition by THOMAS POLK AND CLAY STONE CHINA of D Investments, formerly Inbucan Investment (Ireland), Mr. J. K. Laughton has been appointed a director of Thomas Poole and Gladstone China and its subsidiary, British Anchor Pottery Company.

Mr. J. D. H. Blackburn has been appointed a director of NATIONAL FINANCE CORPORATION. He was formerly with the Staplegreen Insurance Group.

Mr. G. A. E. King, assistant general manager (operations), has been appointed a director of the BP TANKER COMPANY and BP CLYDE TANKER COMPANY, subsidiaries of the British Petroleum Company. He also becomes a member of the joint administrative committee of these companies.

Mr. Lewis Whyte, chairman of London and Manchester Assurance and a deputy chairman of British Leyland, has been appointed a part-time member of the NATIONAL FREIGHT CORPORATION. Mr. Whyte has been part-time chairman of the Transport Holding Company since January.

Mr. G. V. Norton has relinquished his position as chairman of LAN-BAR (Wolverhampton Die Casting Group) and resigned from the Board.

Mr. Ralph S. Ashton has been appointed a director of NORMAN C. ASHTON.

Mr. Michael Hartley has been appointed a director of P. R. GRIMSHAW AND CO., investment bankers, of Leeds, and its subsidiary companies. He was previously in the Leeds office of N. M. Rothschild and Sons and is the second Rothschild man to join Grimshaw and Co. this year, the other being Mr. L. Roy Philby who became managing director of the company on June 1.

Mr. Hartley replaces Mr. P. W. Wakefield who has resigned.

Mr. Percy Allaway, 56, chairman of EMI Electronics, has also been appointed chairman of the Defence Industries Quality Assurance Panel, which advises the Defence Ministry's Quality Assurance Board. The Panel comprises representatives of trade associations, specialist bodies and companies in the defence equipment supply industries.

The appointment of Sir Henry Johnson as chairman of METRO-

POLITAN ESTATE AND PROPERTY CORPORATION, which was reported in July, has now taken effect. He succeeds Sir Charles Hardie.

Dr. R. Mueller has been appointed advisory director of the Board of UNILEVER NV, Rotterdam. Dr. Mueller is a prominent lawyer in Germany, and acts as a consultant to several international companies.

Mr. G. Ramsden has been appointed deputy managing director of ROSE FORGROVE (Baker Perkins Holdings). He is at present corporate planning manager of the parent company and will be succeeded in that post by Mr. C. W. Joyce.

Mr. J. S. H. Redman and Mr. E. C. Owell have been appointed directors of marketing and manufacturing respectively at Rose Forgrove, and Mr. P. Dyson is to be financial controller of that company.

Mr. J. A. H. Baker is to become managing director of Douglas Rowson, another Baker Perkins subsidiary. The changes are all from January 1.

Mr. Norman Shortland has been appointed managing director of STANTON COMMERCIALS, a subsidiary of J. and H. B. Jackson.

Mr. Francis Ritchie has been made a member of the WATER RESOURCES BOARD.

Mr. D. Black and Mr. W. Armstrong will be joining the Board of BURSTON AND TEXAS COMMERCE BANK this month. Mr. Black will also join the Board of the Burstun Group, and Mr. Armstrong will become a member of the Board of Burstun Finance.

At the same time Mr. S. T. N. Stokes retires as a director of the Burstun Group and its subsidiaries.

Mr. E. J. McWeeney has been appointed to the Board of ENGLISH AND OVERSEAS INVESTMENTS.

Mr. D. T. C. Caldwell, managing director of WILLERBY AND ROBIN CARAVAN companies, has

become chairman of these companies following his appointment as chairman of Burnside Investments, the parent concern. Mr. J. J. Richardson has retired as a director of all companies in the group.

Mr. A. E. Cabellu has resigned from the Board of ABERDEEN TRUST.

Mr. Donald R. W. Whitaker has been co-opted to the Board of MIDDLETON BUILDING SOCIETY in place of the late Mr. T. Haywood.

Mr. David Keyward has been appointed director of MONO PUMPS to co-ordinate the financial affairs of the group.

Mr. A. G. Russell, marketing director for Marconi Space and Defence Systems for the past two years, returns to Brussels next month to take up an appointment as director (NATO), for the International Division of GEC-MARCONI ELECTRONICS.

Dr. Stanley GUL has been appointed a director of ZEUS HERMES, a member of the Miles Roman Group.

Mr. Jeffrey M. Sterling, Mr. Peter Ford, and Mr. Bruce MacPhail have joined the Board of BUCK AND HICKMAN. Mr. J. C. H. Twiliss, Mr. T. R. Twiliss, Mr. N. A. G. Dunn, Mr. J. R. C. Twiliss, Mr. E. M. Sweeting and Mr. E. M. Behrens have resigned from the Board.

Mr. William Cook has resigned as chairman but will remain on the Board as a non-executive director, together with Mr. Wilfred Cass.

Mr. Sterling has been appointed chairman and Mr. Ford has been made executive deputy chairman.

Mr. David J. Wood has been appointed a manager of DAWNAY DAY, merchant bankers.

BARCLAYS BANK INTERNATIONAL has appointed Mr. A. F. Sievers as an assistant general manager in London with special duties to the Bank's business in Europe and the Far East. He has been succeeded as manager of 29 Gracechurch Street branch, London, by Mr. G. E. MacPhail.

The Chicago Symphony Orchestra appearing tonight in London, is one good reason for spending an extra day in Chicago.

If you could take one extra day for each of the other reasons, you'd get home sometime in the 23rd Century

When you visit Chicago on business, take an extra day or two for pleasure. You just might never leave.

We're the highway and railroad center of America. Add the world's busiest airport—O'Hare International—and you'll see why Chicago has become a popular gateway to the entire United States.

But all the ways you can get here are nothing compared to all the things you can see and do here: Some of the world's great museums. A spectacular skyline. Historic and famous architecture. Memorable shopping. Twenty-one miles of parks and beaches along Lake Michigan. Exciting nightlife. Major-league teams in every professional American sport. Restaurants featuring food of dozens of nations plus, of course, our famous thick steaks.

And Chicago's own Symphony Orchestra, appearing tonight in London.

Talk to your travel agent about Chicago soon. Or contact us for all the details.

CHICAGO

convention and tourism bureau
332 South Michigan Avenue • Chicago, Illinois, U.S.A. 60604

The international divisions of two great banks—covering over fifty countries—have now become one...

Standard and Chartered
Banking Group
International Division

For all Exchange Dealing and Euro-Currency Deposit and Loan business, as well as for all matters concerning banking relations, please now contact the International Division of:

Standard and Chartered
Banking Group Limited

10 Clements Lane, London EC4N 7AB. Telephone: 01-623 7500. Telex: 884361/2.



The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

METALWORKING

Winders in a coil

COILS of wire play a much greater part in our daily lives than we realise, from the tiny electronic high frequency coils in transistor radios, through coils in electric motors, washing machines and kitchen equipment, to welding transformers and generating stations—but the coilwinding industry feels neglected.

It says it is dissatisfied with the cost and the results of taking part in the big electrical engineering exhibitions so it is organising an exhibition and conference of its own at Grosvenor House, Park Lane, March 27-29, 1972.

Papers to be presented at the conference will be on a wide range of subjects covering new techniques, new materials and the future of the industry. Speakers will include experts from the Continent and the U.S. At the exhibition coilwinding machinery, test equipment, wires and formers will be displayed. The date has been chosen to attract buyers from overseas who may already be contemplating visiting London for the ASEE exhibition at Earls Court—from which some of the coilwinders have withdrawn.

The British multi-million pound coilwinding industry has shown a continuous growth record, and despite the present economic lull, manufacturers are confident that this growth will continue. There are instances where attempts have been made

to design equipment without using coils, for example, in some electronic high frequency circuits but both here and certainly in power applications, elimination of coils is not an economic proposition.

Price, reliability, familiarity and the general increase of electrical and electronic applications, are contributory factors that seem to guarantee the industry's growth.

This convention, the first of its kind in the coilwinding industry, is another example of the move towards specialised "market place" exhibitions, and the drift away from the larger, broader based event. As a member of the organising committee said: "I would rather have 100 visitors, personally invited and really interested, than 1,000 casual callers and one or two from the industry who managed to find my stand."

Among companies taking part in the exhibition are BICC, Plessey, Cole Electronics, Connollys, Leeson, and Midland Engineering. The organising committee does not claim to be fully representative of the industry which may include as many as 1,000 companies, and it is inviting interested members of the industry to obtain details from Electromechanical Exhibitions, 444a, Holdenhurst Road, Bournemouth, Hants.

TONY FRANCE

Protection of metal surfaces

MARKETING arrangements for Protecto Wrap, an anti-corrosion protective wrapping system for metal surfaces, at steel pipelines have been completed jointly by the manufacturer, A. Long Products, of Priory House, Alport Lane, Wembley, Middlesex, a subsidiary of Mears Brothers Holdings, and by Bell's Asbestos and Engineering, Farnham Road, Slough, Buckinghamshire, a Bestobell company.

Application of Protecto Wrap involves a coating of primer followed by a bituminous resin layer that conforms to surface irregularities and is highly

resistant to chemical attack. To these coatings is added a tough plasticised layer of PVC which can be reinforced with glass fabric.

The system will be marketed and distributed exclusively in the U.K. by Bell's.

Etchings show the strains

A GRID etched into the surface of test sheets of steel shows strains developed during drawing and stamping processes. A feature making it possible to put the grid on sheet right at the drawing press. The grid, ordinarily squared, is distorted in the drawing or

stamping process, and the amount of distortion shows the strains imposed. This helps in selection of proper pressures, lubricants and the length of each step in successive draws.

The fact the grid is etched into the sheet means that it cannot be wiped off during the test period. The sheet is prepared by being etched to a portable dc current source powered from the mains. Using this method pioneered by the research department, Armaco Steel Corporation of 703, Curtis Street, Middletown, Ohio, U.S., an electrode in the form of the grid is then rocked across it in a puddle of electrolyte. The lines on the electrode are etched into the steel.

Reduces surface friction

THE effectiveness of pte lubricant powders used as additives in thermoplastics, rubbers and coatings, to reduce surface friction and improve wear characteristics, has until now been limited by their tendency to agglomerate.

But now a new grade of Imperial Chemical Industries' pte, known as Fluon L170, has been introduced.

With a median particle size of 4 microns, this new material is broken down into particles which may be as small as 0.1 micron, when subjected to shear by mixing in liquid media. The extent of this size reduction depends largely on the degree of shear, and as such is under the control of the user who can vary the processing to obtain the required result.

L170 is available from ICI Plastics Division in 25 kg. kegs, or in 0.5 kg sample tins.

Marking cylindrical components

SERIAL numbers are being applied to about 2,400 components an hour at Zenith Car-burettor Company's works using a marking machine manufactured by Edward Pryor and Son, of Smeifield. The machine, which has a

circular continuously revolving work table with stations for 12 items, is being used to mark metering needles and brass jets.

Four interchangeable work tables and four sets of component fixtures were supplied to Zenith to take the various parts to be marked. These are hand-fed into the locators while the table rotates at just under five revolutions a minute.

Once the components are marked they are automatically ejected through a chute. Similar machines with outputs of up to 4,000 components an hour are available with an indexing motion for marking on flat surfaces.

Multiple beads can also be fitted to provide a range of functions other than marking, such as drilling, tapping, press joining and riveting. In addition the planetary marking head is fitted with interchangeable steel type.

HANDLING

A lifting problem solved

AN hydraulic lift table proved to be the solution to a handling problem in the re-designed lubricating oil plant operated by Shell (U.K.) at Stanlow Refinery. Additives in 45-gallon drums, as well as sacks and other containers, have to be lifted 13 feet to a mezzanine floor before being loaded into blending kettles.

A fork-lift truck used to extract the drums from buffer stocks could have been employed, but the blending operation could not rely upon the availability of the truck at the time when he was ready to receive the additives.

Shell had considered overhead runways and screw conveyors costing up to around £3,000, but in the event it was able to save about 50 per cent on this sum.

It achieved this by taking up a proposal made by Giles and Partners, of Stockport, consulting engineers, calling for the installation of an hydraulic scissor lift designed and manufactured by Trepel (U.K.), of Sheerness.

Installed in a shallow pit, the lift has adequate capacity for eight drums of additive at a time. Total installed cost of the lift and controls, excluding a safety gate and excavations for the pit, was about £1,500.

ELECTRONICS

Reed in the disc arena

REED International's Alacra computer, supplies subsidiary is going into the computer disc pack market in Britain with disc pack random access memories developed by the Nashua Corporation in the U.S.

Alacra has started the establishment of a 34m. computer stationary factory at Skelmersdale in Lancashire and this move into the disc market is a further

diversification on the computing front. Its staff has been trained by Nashua in the United States. There have been, in the past, serious disagreements between suppliers and users on disc quality and it is significant that Nashua packs are claimed to be error-free thanks to stringent tests applied to the product during manufacture and before assembly. Indeed about 25 per cent of discs go to reject, not because they are not capable of operating correctly, but because a large safety margin is built into the tests to allow for any possible deterioration in use. The coating of the disc is sputtered on centrifugally during manufacture to produce a thinner film near the centre and gradual thickening towards the periphery. This provides constant signal strength across the disc.

Low noise transducers

MINIATURE pressure transducers with fast response and unusually low noise for their size are on offer from Gnest International of Thornton Heath, Surrey. They are based on a patented system of silicon planar resistors diffused into a silicon beam.

By using a bridge system, the units are made virtually insensitive to temperature fluctuations and the mechanical construction employed eliminates effects due to sideways displacements and permits them to withstand very high g.

Special versions are available in titanium for tough areas. Gnest has just signed a two-year marketing agreement with A. S. Akers Electronics of Norway under which technical and after-sales back-up will be provided in Britain by Gnest for micro-miniature products from Norway in the silicon planar, thin film sputtering and thin film hybrid component technologies.

TELEVISION

Lightweight camera

ALTHOUGH it was originally conceived as a closed circuit camera, the reception that Fernseh's KCP40A colour camera received at the Montreux exhibition has apparently convinced the company that it can be applied to studio and outside broadcast use.

The camera, which is being handled in the U.K. by Bosch (the parent company) of Rhodes Way, Watford, Herts., has recently been demonstrated at a number of centres in the U.K. in a studio environment.

It uses the new Philips one-inch Plumbicon XQ 1070, but by the time the camera is available outside the U.K. it will probably

utilise the anti-comet-tail version of the tube. Delivery of the camera will start in the Spring of next year in Germany and elsewhere in the Summer.

The measurements of the camera without viewfinder and lens is 370 x 175 x 270 mm and the weight is about 10 kg. The unit can work with up to 300m of coaxial cable of only half an inch diameter.

The minimum scene illumination required with an aperture of f.8 is about 500 lux.

The whole of the control equipment is contained in a Volkswagen minibus, making the system very suitable for outside broadcast work.

Reference battery

A LITHIUM battery with a steady-rate discharge of 3.2 volts is lighter and smaller than conventional batteries.

Another advantage, says the Power Sources Center, Honeywell, Montgomeryville, Penna., U.S., is that the higher voltage is better for test circuits. These are generally powered now with mercury batteries whose output is only 1.2 volts and which require a converter for more.

Honeywell is now making the battery in commercial quantities as a reference voltage source. The flat discharge curve can be maintained at room temperature, over 500 hours with a drain of one milliamp.

COMPUTER BUREAUX

Serving small companies

WITHIN three years, the big SCICON bureau expects to be doing 40 per cent of its business with smaller companies who have had their own computer and have come to give it up because of excessive costs.

This significant fact on the anticipated trend in bureau operations came to light at the recent ceremony to mark the more than doubling of the capacity of SCICON's computer side by the addition of a second UNIVAC 1108.

In the present somewhat gloomy market situation with its rumours of impending closures of bright new ventures, sacking by the computer manufacturers and difficulties in the software field, the growth of SCICON is a little short of impressive. It now has operations in Germany, Kuwait, Libya, Lebanon and Iran with a further operation starting up in Switzerland in the near future.

If the expectations of senior staff, including Mr. Brian Elson, in, is for some time in the one of the joint managing directors with special responsibility for the computing side, are realised many companies and ship with a foreign organisation.

businesses now using small computers, or contemplating their use, will find that for half the cost they can get virtually the same service from a bureau based on big machines.

Since users feed their own data to the central unit over dedicated post office lines, using their own programs, confidentiality can hardly be brought into question.

If the SCICON forecasts are correct—and there is no indication at the moment that they are not—the manufacturers of the small machines such as the ICL 1901 and the IBM System 3 will have to look very closely at their marketing policies, providing far more support than hitherto to the users at the low-cost end.

Interesting is the attitude of the company towards openings in France. It seems that so far as SCICON is concerned, that marketing policies, providing far more support than hitherto to the users at the low-cost end.

made possible with a relatively cheap and compact device introduced by The MEL Equipment Company of Manor Royal, Crawley, Sussex.

A CRT display with Polaroid screen to prevent reflection enables depth information to be displayed between 0 and 100 metres in four ranges. Each range has an adapted pulse repetition rate coupled to the range selector giving a uniform picture in each of the ranges.

This facility, says MEL, will provide the navigator with a clear differentiation between the bottom echo and various mid-water echoes such as fish shoals and wrecks.

The sounder is designed for simple operation and has only two controls—range and sensitivity.

PROCESSING

Checks on plant in process

PERFORMANCE and operation of process plant, with special emphasis on emission of polluting gases and solids, can be studied through independent consultants working a recently formed group which has called itself Process Development Associates.

On-site testing can be carried out by a team fully equipped with the requisite recording and indicating instruments which will report and interpret the results in terms of plant operation.

Further details of the service are available from P.D.W. Hawksley, Process Development Associates, 10 Worpole Street, Mortlake, London SW14.

FINISHING

Processes for nickel plating

A "FAMILY" of bright nickel plating processes developed by Oxy Metal Finishing Europe is now being marketed in the U.K. through Eico, of Sheerwater, Woking, Surrey.

The processes include four versions for air agitation, two for cathode rod agitation and one for barrel application. The company's confidence in being able to improve the efficiency of any plating installation with the new processes, known as the Udylite 660 range, is backed by an offer to refund the cost of additives should they not result in savings for the same quality of finish.

When supplies become more widely available knitters outside the Courtaulds group and weavers will also be offered the yarn. Slips made from the anti-static yarn are expected to retail at about 50p above those made from regular nylon yarns.

JOHN TRAFFORD

Navigation

Echo depth sounder for small craft

SIMPLE but sensitive echo sounding for yachts, small fishing boats and similar vessels is

MATERIALS

No snap and crackle

COURTAULDS has developed a filament nylon 6 anti-static yarn, Celon Anti-Stat, which is to be used in lingerie made from warp knitted fabric manufactured by two group companies, Furness Knitting and Long Eaton Fabric.

The lingerie will be in the shops next spring. Later men's shirts and women's dress fabrics will be produced.

Several advantages are claimed for the fabrics. They do not cling or ride up or crackle, they attract dirt less and their fibre construction allows more efficient moisture transmission. Initially 40 denier matt yarns only will be made but the range will later be extended.

By agreement between the Financial Times and the BBC information from The Technical Page is available for use by the Corporation's External Services as source material for its overseas broadcasts.

On Oct. 1st a new generation of bright nickel electro-plating processes was introduced

The Udylite 660 range

If your business uses, directly or indirectly, bright nickel electro-plating then you should make sure that your plating department or your plating supplier has full details of the new Udylite 660 Range... It will save you money.

EFCO LTD., SHEERWATER, WOKING, SURREY

A MEMBER OF OXY METAL FINISHING EUROPE—PART OF THE WORLD'S LARGEST METAL FINISHING ORGANISATION AND A SUBSIDIARY OF THE OCCIDENTAL PETROLEUM CORPORATION, U.S.A.

AUSTRIA
Dr. Strenger and Felsentstein,
Hietzinggasse 25,
1070 Wien.

BENELUX
Oxy Metal Finishing (Benelux) N.V.,
Box 10000,
Postbus 1111, 2-Hertogenbosch.

FRANCE
Oxy Metal Finishing France,
B.P. 213 Zone Industrielle,
Rue Barthelemy,
25 Besancon.

SPAIN
Industria Electroquímica S.A.,
Carretera de Madrid 118,
San Juan de los Rios,
Barcelona.

SWEDEN
Oxy Metal Finishing AB,
P.O. Box 22,
601 05 Norrköping.

SWITZERLAND
Oxy Metal Finishing Switzerland,
85 Avenue de l'Europe,
1211 Geneva.

ITALY (Distributors)
Industria Metallurgica Sme S.A.S.,
Via dei Fontanelli 24,
20141 Milano.

GERMANY (Distributors)
Friedr. Steinhilber GmbH & Co. KG,
Marschallstrasse 185,
Postfach 11 01 15,
565 Saffingen-Merschdorf.

FOR OTHER COUNTRIES
Oxy Metal Finishing Europe,
No. 3 Building,
Sheerwater, Woking, Surrey,
GU24 0ET Tel: 0482 5711

KNOW YOUR PLATING COSTS

SEND TODAY FOR FURTHER DETAILS OF THE UDYLITE 660 RANGE and your copy of our new Booklet 'Know Your Plating Costs' to:

EFCO LTD., Sheerwater, Woking, Surrey. Tel: 0482 5471

NAME
POSITION
COMPANY
ADDRESS

OXY A member of Oxy Metal Finishing Europe

wondering where to start at the BEE? make it

Stand No. 131

for a demonstration and full details of

Boemtron — Astota
Invoicing & Accounting Computers Data Preparation & Accounting Equipment

DATA PROCESSING EQUIPMENT LIMITED
93/97 New Cavendish St., London W1A 2AR. Tel: 01-636 4465
BRANCHES also at Manchester, Bristol & Birmingham
EXPORTER: Burmeschen-Export GmbH, Berlin, G.D.R. 108 Berlin Friedrichstrasse 61

Building and Civil Engineering

Mowlem gets £5½m. housing job

A LETTER of intent has been sent by the Department of the Environment to Mowlem (Building) for the construction of a total of 736 homes on three sites together worth about £5.5m.

The intention is for the DoE and Mowlem to develop plans using the contractor's system of construction and to negotiate a contract covering the schemes—

Hotel above car park

AN HOTEL to cost around £500,000 is to be built on top of a 3-storey car park which is part of a major redevelopment scheme being carried out by the City of Bath.

Walter Llewellyn and Sons has been awarded the contract by Myddleton Hotels and Estates for the hotel which is to comprise conference accommodation, lounges and kitchens within a single-storey podium.

A central 5-storey core will contain 100 guest bedrooms all with private bathrooms as well as staff accommodation. The method of construction adopted for the single-storey section is structural steel to be clad externally with brick and curtain walling.

The central core will be principally of load-bearing brick, externally clad with reconstructed stone. Double windows of anodised aluminium and a plenum heating system have been stipulated.

The architects, Snellum Le Fevre and Quick, were faced with considerable planning problems in addition to a number of complications with the services. I. G. Mouchel and Partners are the structural engineers.

Highland hotel

CONSTRUCTION is to start soon on a 40-bedroom hotel at Tansdale, Barra, which W. H. Rankin is building for the Highlands and Islands Development Corporation.

Costing just under £300,000 the hotel is planned to be opened for the 1973 season and will be leased to Scottish Highland Hotels.

W. G. Cregar and Partners, Oban, are architects for the hotel which is to be built on a split level.

Sites for the Board's third hotel are under consideration.

British Ropes orders

TWO current contracts for British Ropes include one for 425 tons of 12mm diameter Bridon Dyform low relaxation strand to be used in the construction of the Wynhol viaduct on the M5 Birmingham/Bristol/Exeter motorway in Somerset.

The second order calls for 346 tons of 12.7mm diameter Dyform to be used in the manufacture of 3,000 prestressed concrete beams by Dow-Mac Concrete for use in the first phase of the Piccadilly Line extension from Hounslow West to London Airport—Heathrow.

Dyform strand which is specially compacted during manufacture has a greater cross-sectional area of steel than conventional round wire prestressed concrete strand of the same nominal diameter, resulting in higher breaking loads.

Another feature of the material is the high anchorage efficiency possible with various types of wedge grip anchorage.

Shops and bridge in Scotland

GREENOCK Corporation, Renfrewshire, has placed two contracts with Mitchell Construction Company (Scotland) for phase 2 of the town's shopping centre and the A8/A742 road reconstruction affecting Dalrymple Street and Argyle Street.

The schemes include roadwork and a reinforced concrete bridge to carry High Street over Hamilton Street. As far as the new shopping centre job is concerned, 22 shops are to be put up facing Hamilton Street.

Work has already begun and the road project is due to be finished by November, 1973, while the shops should be ready a year earlier. Architects for the shops are Hugh Martin and Partners and the consulting engineers are W. A. Fairbairn and Partners.

Trafalgar House orders

LARGEST of several contracts has obtained contracts for the construction of diaphragm wall of the Trafalgar House Group wall at three projects in the South of England worth £1m.

The largest of these calls for a permanent retaining wall for a low-level roadway on the A329 Reading-Wokingham road in Berkshire, for which Marples Ridgway is the main contractor.

This 3,500 foot long diaphragm wall will vary in thickness from 20 to 48 inches and will be constructed in 400-panel lengths of about 15 feet, and to a depth of 65 feet. The second job is in Victoria Street, London, and concerns an office development work.

Trocoll Industries, another member of the Group, has won a £78,000 order for the supply of large diameter concrete pipes for the Warwick and Leamington Joint Sewage Disposal Committee. The pipes will form the main link to the new joint sewage disposal works being constructed to serve the Boroughs of Royal Leamington Spa and Warwick.

Delivery of the pipes, to commence immediately, includes 1,800 metres of five different sizes varying from 1,200 to 1,650mm in diameter.

Cementation Piling and Foundations, another group member,

Submarine dredger

A MANNED, submersible dredge is said to cut through sand bars in as much as 100 feet of water and to work half a mile from shore. Capacity is 200 cubic yards of sand per hour.

The dredge is suggested for underwater recovery of sand for construction use, for channel deepening, or for beach reconstruction. Ocean Science and Engineering, of 4905 Del Ray Ave., Washington, D.C., U.S., says it is the cheapest, dredging method per yard of sand removed.

The power unit for the dredge

Boots getting Boot in

RECONSTRUCTION of Boots, the chemists store at Shrewsbury is to be undertaken by Henry Boot Construction under a £360,000 order.

The facade of the building is to be retained as it is of architectural interest, and as a result of this and the nature of the site, considerable temporary works are involved.

There's a big move towards Redland Fibaflo—the GRP pipe that copes with aggressive effluents peacefully

The new Redland Fibaflo GRP pipe is, strength for strength, a quarter the weight of steel. And it lasts longer, because its resin formulation can be modified to resist most chemicals and aggressive effluents.

It can be engineered to fine tolerances in strength and performance. Fibaflo is already being specified for tunnel linings and chemical plants, but there are applications we haven't even thought of yet. You may have a problem we can solve together. Write for the Redland Fibaflo manual FT/RP21.

Redland Pipes Ltd., GRP Division, Parkstone, Poole, Dorset BH14 9BJ. Telephone: Bournemouth 61226. Telex: 41175

Redland Fibaflo The continuous GRP pipe

How to be home and dry on all your building problems.

Come in under our IDC umbrella, and get total cover on all aspects of your building project.

Feasibility studies. Design and planning.

Construction, including electrical, mechanical and process services.

Plant installation. Even—if need be—sites and finance.

We'll co-ordinate everything for you—make sure you get a building precisely suited to your needs.

On time. And within budget.

Call IDC, for the right answer to all your building problems.

L.D.C. Limited, Stratford-upon-Avon. Telephone: 4238.

Redland Pipes Ltd., GRP Division, Parkstone, Poole, Dorset BH14 9BJ. Telephone: Bournemouth 61226. Telex: 41175

Redland Fibaflo The continuous GRP pipe

THE FINANCIAL TIMES

(Established 1888)
Incorporating THE FINANCIAL NEWS
(Established 1889)

Head Office Editorial & Advertising Offices:
BRACKEN HOUSE, CANNON STREET, LONDON, EC4A 3DF.
Telephone Day & Night: 01-248 8000. Telegrams: Finantime, London.
Telex: 886341/2, 883897

FOR SHARE INDEX AND BUSINESS NEWS SUMMARY RING: 01-248 8016
London: George House, George Street, London, EC2A 4HT. Tel: 01-248 8016.
London: Market Bank Chambers, 12, Old Broad Street, London, EC4A 3DF. Tel: 01-248 8016.
Manchester: Quays House, 1, Quay Street, Manchester, M2 2BB. Tel: 01-248 8016.
Paris: 14, Rue de la Harpe, 75004 Paris. Tel: 01-248 8016.
Frankfurt: 6, Frankfurter Allee, 6000 Frankfurt. Tel: 01-248 8016.
Bremen: 1822, Rue de Commerce, 28100 Bremen. Tel: 01-248 8016.

MONDAY OCTOBER 4 1971

Labour at Brighton

THE Labour Party Conference opens in Brighton this morning in an atmosphere of fairly acute paradox. Labour is badly split on practically all the major issues of national policy—the Common Market, incomes policy, Ulster, the trade unions. The Party has not yet resolved into the bitter personal animosities of its last comparable period in Opposition—the 1950s—but the temperature is undoubtedly rising towards danger levels and may well rise higher in the coming months.

On the other hand, at the national level, Labour is prospering. The high level of unemployment, the troubles in Ulster, doubts about the Common Market, the Prime Minister's lack of personal popularity, and a host of other national factors have combined to put the Party well in the lead in all recent opinion polls.

The result of the Macleodfield by-election is, no doubt, a profound relief to the Government—not only because the seat was saved but because of the poor showing of the Conservative anti-Common Market candidate. But a swing against the Government of more than 8 per cent. cannot be regarded, in the wider view, as anything but encouraging for Labour and extremely disquieting for Conservatives.

Solidarity

In this situation of national popularity and internal dissension, the natural tendency of the Labour leaders will be to try to play up those issues which demonstrate solidarity in the face of the "iniquities" of the Government and pass as lightly as possible over those which bring out the Party's congenial instinct for self-destruction. In the case of the economy this should be relatively easy. The process of historical rationalisation, a year ago Labour was still dazed by defeat at the General Election: this year it is open to all sorts of objections and degrees of scepticism, but one thing at least can be said for it—namely, that it provides the ammunition for a violent assault on the Government's economic policies without saying anything to which any of the vested interests inside the Labour Party can possibly object. This is particularly

Domestic policies

What is missing from the conference agenda, meanwhile, is any sign that the Party is yet ready to get down to the serious task of rethinking its own domestic policies. Whether it is welfare services, or housing, or the economy, the conference will probably pronounce anathema on the Government and pass rapidly on to the next topic. This procedure can be defended by a should be relatively easy. The process of historical rationalisation, a year ago Labour was still dazed by defeat at the General Election: this year it is open to all sorts of objections and degrees of scepticism, but one thing at least can be said for it—namely, that it provides the ammunition for a violent assault on the Government's economic policies without saying anything to which any of the vested interests inside the Labour Party can possibly object. This is particularly

The Chinese puzzle

THE SHEER fantasy of many of the theories which have been propagated during the last few days about what is happening in Peking is proof of one thing: this is what is happening it is and ignorant so far as China is concerned, and so are many of those who make it their business to inform others on the subject. It was patently absurd to argue, two weeks ago, that the visit to Peking of an American heart specialist as a member of a scheduled medical delegation was evidence that Chairman Mao was gravely ill. It was equally absurd last week to believe that a regional television programme might be about to make a momentous political announcement just because it had asked its listeners to tune in to an "important" programme.

Much of the speculation which has been indulged in during the past few days about Sino-Soviet border tensions, or about the "defection" of the disgraced President Liu Shao-chi, rests on similarly shaky foundations. Yet when the speculative debris has been cleared away, the fact remains that several highly unusual events—or non-events—have occurred in China in the recent past.

Cancellation

The cancellation of last Friday's National Day Parade, after rehearsals for it had reached an advanced stage, was one; the temporary grounding of internal flights was another. Finally, there was the non-publication of the traditional joint October 1 Editorial in Chinese papers and the non-appearance at the celebrations of China's three leading figures, Mao Tse-tung, Lin Biao and Chou En-lai.

The most likely explanation of these and other minor mysteries is that China is undergoing some kind of internal political tension. The "moderates" within the Chinese leadership have been steadily gaining power at the expense of the Cultural Revolutionary extremists during the past year or

so, and one can easily believe that the former may now have built up their position to a point where they feel able to risk a showdown with the latter. If this is what is happening it is quite possible that one or two men near the top of the Chinese hierarchy may be in the process of losing their positions.

Even Vice-Chairman Lin Biao, the "closest comrade in arms" and successor designate of Mao himself, whose star rose with the Cultural Revolution, could be in danger. But it is highly unlikely that any shift of power would endanger Mao himself, who has presided over many contrasting phases of China's political development since 1949.

Official visit

What this means is that, if political changes are taking place in China today, they are certainly of the controlled and gradual variety familiar during most of China's recent history—not of the violent and apparently irrational kind which marked the height of the Cultural Revolution. Another reasonable guess is that any shift of power in the domestic hierarchy is likely to make China more, not less, outward-looking so far as the rest of the world is concerned. Even while Peking was producing its mysterious trade mission, the Chinese Minister of Foreign Trade was making an official visit to France and Chinese embassies and missions throughout the world were holding their usual National Day receptions.

China's next opportunity to demonstrate its interest in world affairs may come before the end of this month when the UN debates the issue of Chinese membership and votes, as it is now virtually certain to do, for the admission of the Peoples' Republic. UN membership will present a special kind of challenge to China, given the country's long-term isolation from multilateral diplomacy. But the opportunity is unlikely to be turned down, however much the leadership in Peking may be preoccupied with sorting out its internal relations.

MEASURES to strengthen aeronautical collaboration in Western Europe will figure prominently on the agenda at the international meeting of European aerospace industries in Edinburgh to-day. Over 100 senior executives from ten countries in the Association Internationale de Constructeurs de Materiel Aeronautique (AICMA), will be discussing in detail ways of achieving closer liaison between governments, airlines and manufacturers in meeting the future world-wide needs of civil aviation.

This kind of discussion comes none too soon so far as the U.K. industry is concerned, for it is rapidly running into a difficult situation. If it does not get some major new projects soon, the shrinkage already evidenced in labour lay-offs this year is likely to accelerate.

Yet to fulfil the promise

This may seem surprising when the industry in 1970-71 alone received £385m. in Government funds (of which £247m. was for defence equipment and £58m. was for civil programmes including Concorde); when it is exporting at near-record levels (£188.4m. in the first seven months); and when it is immersed in several major programmes with substantial long-term production promise such as Concorde, the Jaguar and Harrier fighters, Multi-Role Combat Aircraft (MRCA), A-300B air-bus and RB-211 engine.

But most of these have yet to fulfil this promise (the Harrier and Jaguar are already in full production). Many of the industry's other programmes (Trident, One-Eleven, HS-125 executive jet, HS-748 feeder-liner, Bulldog trainers, Islander and Skyvan light transports, Spey and Dart engines, for example) stem from designs begun several years ago, and cannot be expected either to last right through the 1970s or, if they do, at best will only provide a comparatively small volume of continued production.

The industry is now looking round for new ideas and work programmes that will keep factories busy and exports flowing in the late 1970s and early 1980s. It cannot really expect much help from a Government which, whilst already spending millions on aerospace, has also had to rescue the RB-211 engine, has still got to meet the heavy production costs of Concorde, MRCA and other defence projects such as new missiles, and which also has the cost of the Foulness airport project on its plate.

Nevertheless, it is widely believed that a major new policy document on the future of the aerospace industry, and especi-

ally civil aircraft development, is now being prepared by the Department of Trade and Industry for Cabinet consumption. This is likely to be ready around December. In the meantime, the industry's leaders are looking more and more towards international collaboration, both with Western Europe and the U.S., as a possible solution to their problems. There can be no doubt as to the need for this. The U.K. industry has recognised it by opening next year's Farnborough air show fully to European aerospace companies.

As civil and military aircraft and engines become bigger or more complex, or both, and inevitably therefore more costly, airlines tend to buy fewer of them. Although there is expected to be a continued expansion of air passenger and cargo traffic, there is no longer room for more than two, at most, of competing types of big aircraft.

This is why only one manufacturer, Boeing, has built a Jumbo jet; why only two, Lockheed and McDonnell Douglas, have built "wide-body Tri-jets" in the TriStar and DC-10; and why, so far, only one short-haul air-bus, the A-300B, is under development.

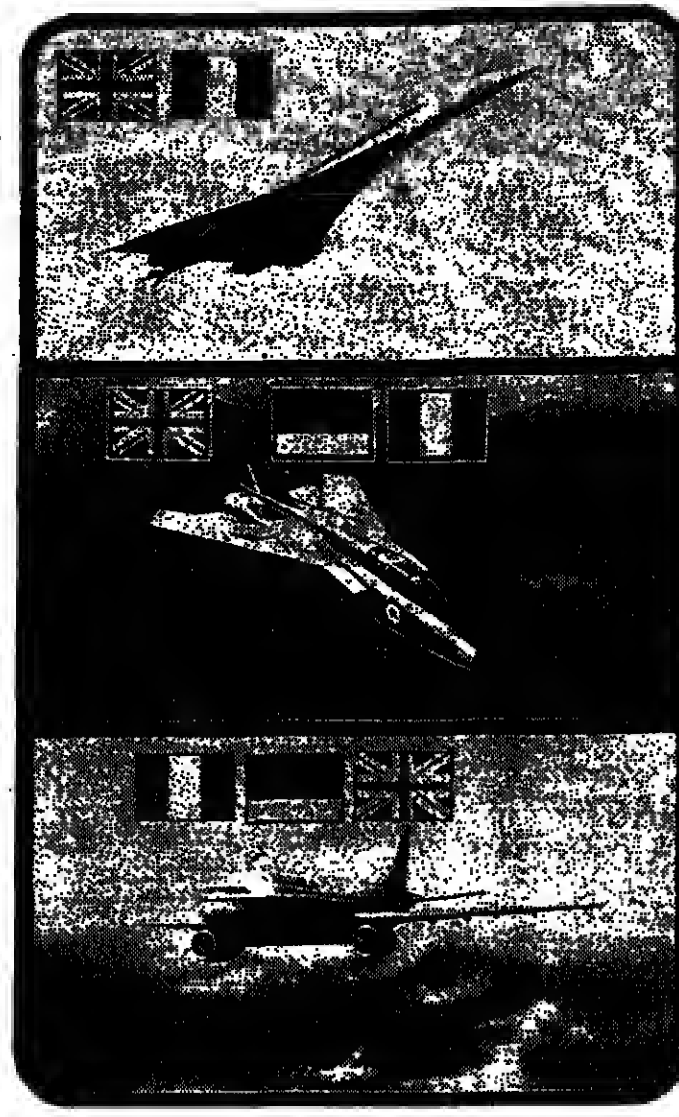
The available world market, expand though it may, will simply not offer enough rewards to justify more manufacturers undertaking more of the same types of product. Thus the tendency is for companies, and governments, to get together in order to lighten the cost burden and to widen the initial market.

This has already been well demonstrated in Europe. The U.K. and France are working together on the Concorde supersonic airliner, the Jaguar jet strike-trainer, and on three types of helicopter (Gazelle, Puma and Lynx), with their associated engines, as well as on the Martel missile.

'Spearhead' activities

Britain, West Germany and Italy are working on the Multi-Role Combat Aircraft (MRCA) and its RB-199 engine. Britain, France and West Germany are all associated in the M-45H engine for the VFW-614 airliner. At company level, Hawker Siddeley Aviation is a participant in the Franco-German Government-supported A-300B air-bus, while Rolls-Royce (1971) has a number of other joint engine programmes with the Continent besides the Olympus, RB-199, M-45 and Adour, especially in vertical take-off.

These are but the "spearhead" activities in a wide range of collaborative agreements that extend right through the aerospace industries of Western Europe, down to inter-company



Major collaborative projects in Europe include—(top) the Anglo-French Concorde; (centre) the U.K.-West German-Italian Multi-Role Combat Aircraft; and (bottom) the Franco-German-U.K. A-300B air-bus.

commercial arrangements on enmeshed in further open-ended commitments such as STOL.

As far as major new projects are concerned, collaboration must not only be continued, but expanded. The next big project appears to be the short-haul, high-density Short Take-Off and Landing (STOL) Inter-city transport. But even this, big though it may be in money terms, is not likely to be the great saviour of the industry that many believe.

This is because, of the scores of different designs throughout Europe for such a transport (every company has at least one major design study in hand), only one, or at best two, is ever likely to survive as far as airline service in Western Europe and the U.S. No one company has the money to undertake by itself such a development.

Even groups of companies could not find the £100m-plus sum needed for the engine. Governments will have to be brought in from the start. The trouble is that most governments are already spending so heavily in aerospace that they are not inclined to become

start on STOL—and get their industries to do the same in a more positive way than has been apparent in the piecemeal collaborative activities so far seen in this area. But it seems clear that, with only one, or at best two, major STOL projects likely to be developed, each company involved can only expect to get a small share of the work since this will have to be widely spread across all the participant countries and industries. Even if a STOL project does get rolling, therefore, it is unlikely to give any one company sufficient work to keep factories going at even present levels.

Jet trainer for RAF

From the U.K. industry's viewpoint, this would appear to indicate that, in addition to STOL, some other new projects are needed—apart from Concorde, MRCA, Jaguar and A-300B and RB-211—through the 1970s and early 1980s. The only other major new U.K. venture in the field, however, is a jet trainer for the RAF, which is likely to provide substantial work for whoever wins it, but in view of its comparative simplicity is not likely to advance the state of aeronautical technology as much as, say, MRCA.

The U.K. may also continue to get some work on space projects—the "Aerosat" satellite for air traffic control and navigation purposes, work on communications and "applications technology" satellites, and perhaps also eventually some share in any European participation in the projected U.S. "Space Shuttle" programme. But even these activities are not likely to keep the industry running at its present levels.

Thus the inescapable conclusion is that some further rationalisation of the industry is inevitable over the next few years, collaboration notwithstanding. Whether this will go as far as any eventual amalgamation of BAC and Hawker Siddeley Aviation remains to be seen, but many in the industry believe that such a merger is inevitable.

Thought should also be given to the possibility of the formation of more "international" companies, not just on the model of Panavia for the MRCA, Sepecat for the Jaguar fighter, or Turbomeca for the RB-199 engine, but going even further, with all the resources of the participating companies being put into the combined ventures so that they become truly European, instead of just appendages, however large, of existing national companies.

Something of this nature is believed to be a long-term objective of some of the more European-minded leaders of the aerospace industry, and is believed to find some sympathy in Whitehall, with Britain's prospective Common Market entry in mind.

On the other hand, there are also some European industry figures who do not see it in quite such clear-cut terms, and in fact this form of closer collaboration may not be so easy to achieve as it sounds. On the Continent, there is a widespread belief that the U.K. industry is on the decline economically, although still possessing considerable technical talent.

At the same time, many Continental aerospace chiefs regard their companies as being still on the way up, and are determined to make themselves the leaders in the 1970s and 1980s. The U.K. is regarded on the Continent as having thrown away some splendid chances of getting into the next rounds of aerospace development, with the Government's rejection of the A-300B and certain space programmes.

Even though the U.K. Government considers that its aero-engine know-how, vested in Rolls-Royce (1971), is still a powerful card to play, this is not now regarded quite so highly on the Continent as it was, and some Continental aerospace leaders are very outspoken on the need for Rolls-Royce to devote itself much more closely to Europe. The Government's rescue of the RB-211 for the U.S. TriStar is seen as a direct blow to the chances of the European A-300B in world markets, even if not a positively anti-European move.

Next major venture

The next major venture in aero-engines is the advanced 22,000 lbs thrust engine for short-haul transports, including STOL. This is already being studied by the French, with government support, under the designation M-56. At present, French interest is centred more on the two U.S. giants, Pratt and Whitney and General Electric, than on Rolls-Royce, but it is still not too late for Rolls-Royce to get in. It must do so, for this field could prove as crucial to its long-term technical future as the RB-211.

But, on top of all the existing cash support it gets, the U.K. industry will be asking the Government to go a long way even to help finance STOL studies, build the new jet trainer, and finance M-56 participation. Beyond that, apart perhaps from some new missiles and space projects that might emerge in the 1970s the outlook for new projects is not bright, and collaboration or not, the industry has got some very hard thinking to do about its future size and structure.

MEN AND MATTERS

Here comes Mr. Cass

"What do you know about Mr. Cass?" starts a paragraph of what is politely known as a strongly worded letter from Samuel Montagu, on behalf of Heenan Boddow, to shareholders of Reeves and Sons. Heenan Boddow, once a small engineering business and now progressing swiftly (it sent its offer for Conway Stewart and for Reeves in the same document) from one takeover to the next under the command of Mr. David Innes, can be excused some testiness when it issues statements about Reeves. The anomaly in the position of the Reeves Board is that while it began by consulting Hill Samuel and accepting the bid, it has since decided that it won't do so with its own shares.

That was the last move in a career which has taken Cass gradually from electronics, starting with printed circuits at Pye of Cambridge in the 1950s, to a full management role. Apart from consultancy, he was a founder of the ceiling-winding company Rotawinder, was six years general manager of Guseon Sortex and had a spell in paint as boss of Hadfields.

Cass first came to Reeves was just returning from a meeting with Mr. Vic Feather. But since then he has been confidently reported to be one of the 105. In Brighton, confiding theories for his absence include that he had anyway been going on a holiday to Russia, or that he is enjoying a spell in the country, in Kent.

Back to basics

The plans of Prof. Edward Stamp to research some of the fundamentals of accountancy are progressing fast. Back in May, Stamp was appointed to the new chair of Accounting Theory at Lancaster University and at the same time plans for an international centre for research in accounting, with Stamp as director, were first aired. The centre has now got the money to start—an annual £10,000 donation for the next ten years from the J. Arthur Rank Group Charity. It will shortly advertise for a Senior Research Officer and then work (Stamp thinks it will probably take three years) will start on two principal research projects. One is to investigate (going right back to Square One) "the nature, purposes and objectives of published financial accounts." The other is to study the effect of inflation on the usefulness of accounts.

Stamp has been preoccupied with both questions for some time. A likeable Canadian, Stamp began his campaign for a reform of accounting practice just before the Leasco-Pergamon affair provided ammunition for his views. In the debate which followed, Stamp was none too popular with some members of the Institute of Chartered Accountants in England and Wales, among them, at times, its then president, Sir Ronald Leach. But

Outbid

I regret to report that the Financial Times VIII, of whom the largest member was the giant Michael Donne, who writes above, and the smallest the cox Dick Parsons who borrowed from Emanuel School (several lady members of staff having declined the honour) was defeated by the Stock Exchange in the first-ever contest between us over a half-mile course at Pntoe on Saturday. Excuses ranged from an over-long practice row to hitting more driftwood than the opponents, but the SE certainly had style on its side—two internationals and two old Blues, including Mr. David Parry of Panmure, Gordon, chairman of the Amateur Rowing Association selection committee. The umpire, captain of the London Rowing Club Mr. Philip Carmichael, reported that both scratch crews "set off at a young time and held it to the end. The FT fought off an attempt by the SE to take the back tide and were coming back at the end to lose by just a length." Which was very gallant of him, and since we lost by less than Lloyd's usually do and some of the jobbers looked a bit green by the end, we'll train on for next year.

Observer

Regular service

Just another feature of a fast, modern fleet of cargo liners serving WEST INDIES, GUYANA, SURINAM, VENEZUELA, COLOMBIA, MEXICO, GUATEMALA, BRITISH HONDURAS, U.S. GULF PORTS and SOUTH AND EAST AFRICA.

WE CARE FOR YOUR CARGO

Harrison Line

Thos. & Jee, Harrison Ltd., Mersey Chambers, Liverpool L2 8UF and Fountain House, Fenchurch Street, London EC3M 5EE

W. GERMANY

Financial Times Survey

World role still in doubt

By MALCOLM RUTHERFORD, Bonn Correspondent

In the two years or so since Willy Brandt became Chancellor and the Social Democrats took over the main control of the Government, West Germany has changed considerably, both in its domestic situation and in its relation to the outside world.

It is a very open question whether the change has been for the better either for its own people or for the rest of Europe. But it is probably true to say that there has again emerged a "German Question," certainly not yet menacing, but as an intellectual poser just as difficult as ever.

become the richest partner after the U.S., and East Germany the richest partner after the Soviet Union. Yet their economic strength is in no way matched by political influence. Washington frequently overrides the political wishes of Bonn, and Moscow frequently dictates to East Berlin, as was shown when the Russians signed the first stage of the Four-Power Berlin agreement without insisting on prior Western diplomatic recognition of the East German State.

Prof. Schiller could cock a

Economic growth

The problem comes back, as always, to what is Germany? Is it, or can it be, anything more than a land mass in Central Europe, without natural boundaries, whose propensity to economic growth leads at times to political expansionism, only to be finally pushed back by the powers of east and west? During the war Germany brought

in forced labour by military train. To-day the foreign workers come gladly and voluntarily, but there are still more than 2m. of them, mainly from the depressed areas of Europe, in the country. Morality apart, one wonders in this sense how much Germany has changed. It continues to exert its economic pull, but seems condemned to political frustration.

Nor does this apply only to what is now the Federal Republic. East Germany has had in many ways the same experience, and is itself a harbour for foreign workers from its eastern neighbours. In their respective alliances, West Germany has

become the richest partner after the U.S., and East Germany the richest partner after the Soviet Union. Yet their economic strength is in no way matched by political influence. Washington frequently overrides the political wishes of Bonn, and Moscow frequently dictates to East Berlin, as was shown when the Russians signed the first stage of the Four-Power Berlin agreement without insisting on prior Western diplomatic recognition of the East German State.

Prof. Schiller could cock a snook at the Americans by floating the D-Mark. But it was notable that in the Group of

Ten, the Germans were most reluctant to press for the devaluation of the dollar because they were afraid that offending the Americans too much would lead to renewed American pressure for the Germans to pay more for their own defence.

Both East and West Germany are still conditioned by their alliances. In a way this explains why the official talks between the two German States over the past two years on the whole have gone slowly and badly. The two sides have been tied to their respective superpowers for so long that they are no longer sure of their own identities.

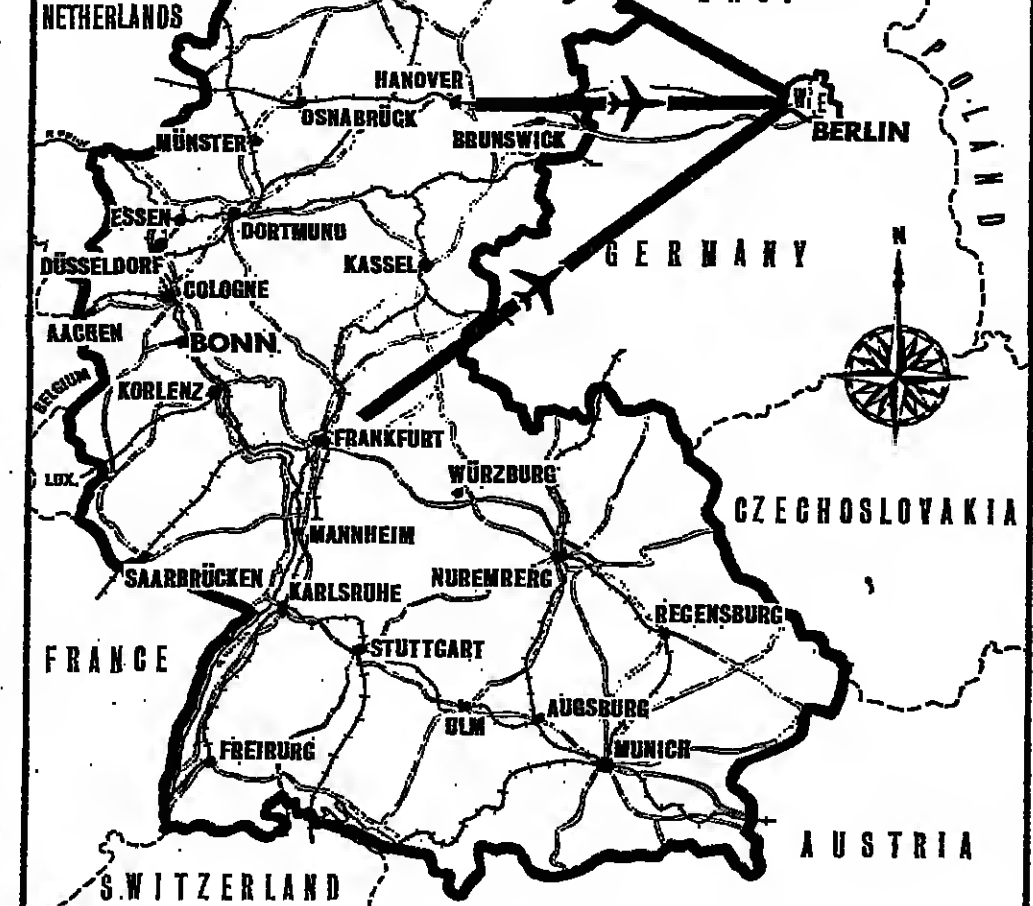
West Germany certainly had one in the past, though it was based on at least one lie and a series of predictions which turned out to be false. The lie was that the Western powers were seriously interested in the idea of promoting German reunification, and could do it from a position of strength. In fact, neither London, Paris nor Washington had any interest whatsoever in reunification, but

believed it was so far out of the question there was no harm in paying lip service to it. The Federal Government nevertheless accepted the Western position in good faith, and for a time there seemed good cause why it should. In the 1950s the balance of power in Europe was tipped firmly in favour of the West. The Soviet Union was then hardly a superpower, and certainly not in the nuclear sense. Soviet nuclear parity with the U.S. was achieved only in 1970, yet in the 1950s and mid-1960s very few West Germans could have believed the Americans would ever allow this to happen.

False predictions

The assumption of the West's continuing economic and military superiority was the basis of the false predictions. These predictions began to become hollow with the building of the Berlin wall in 1961, which not even President Kennedy made any attempt to knock down, although, at the time, the Union well knew, it would have been entirely within the rights of the Western powers to have done so. The West, as Herr Brandt has recently pointed out by the publication of a series of letters he wrote at the time to Kennedy and Chancellor Adenauer, did nothing. Herr Brandt was then Mayor of West Berlin. His realisation of the ambiguous nature of West Germany's relationship with the West probably stems from that date.

Since the wall, although some of its people still want to leave, the outflow of capital and labour from East Germany has been broadly stopped. Indus-



trially and economically, the country has turned itself into one of the most advanced States in Europe, with social services in health and education which, superficially at least, seem to compare favourably with those of the Federal Republic.

Just as important, the Soviet Union has shown its intention of maintaining every bit of its East European empire intact. It is not surprising that the Western response to the idea really want to permit the Russians to increase their influence in the Balkans, the "grey" areas, such as Yugoslavia. Does the West really want to permit the Russians to increase their influence in the Balkans, the "grey" areas, such as Yugoslavia?

BASIC STATISTICS

Land area	95,937 sq. miles
Population	61.7m.
GNP	£73,250m.
Per capita	£1,190
Trade (1970)	
Imports	£13,300m.
Exports	£15,200m.
Imports from U.K.	£503m.
Exports to U.K.	£549m.
Currency	£1 = DM48.23

Contents

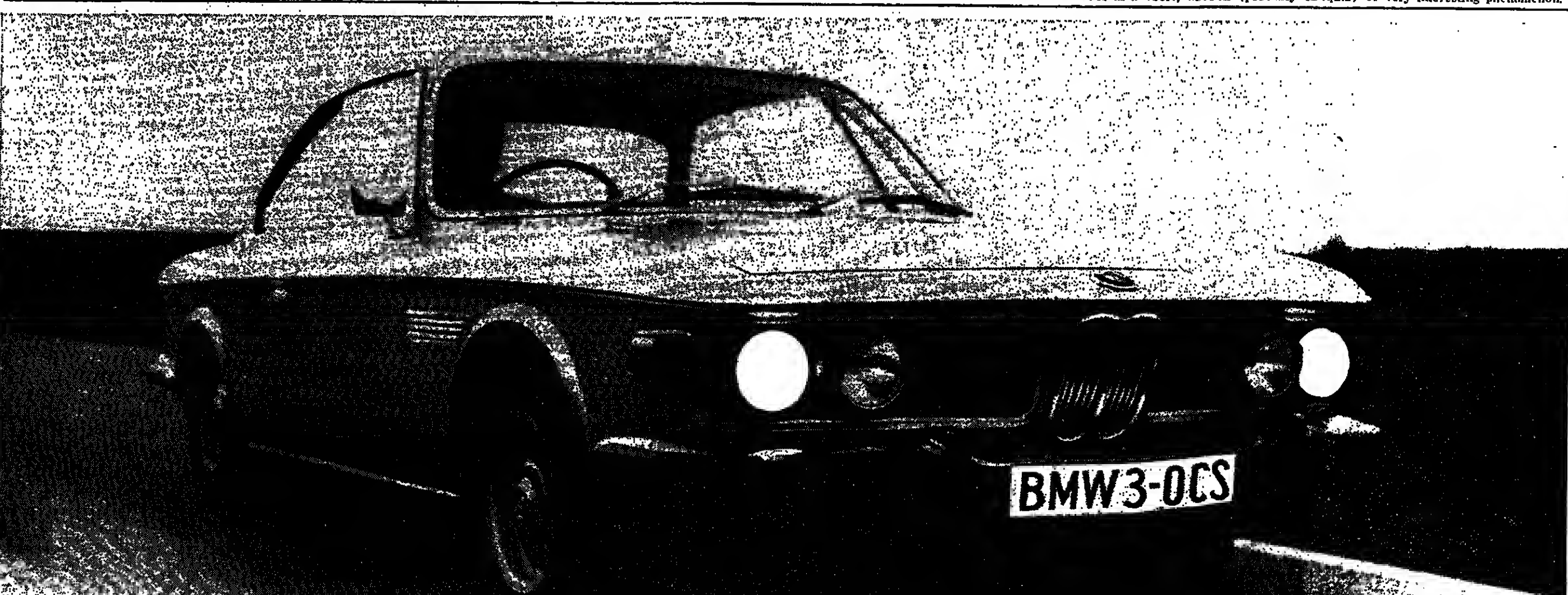
Economy	II	Banking	VII
Geopolitik	II	Capital Markets	VIII
Domestic reforms	III	Unions	VIII
Motor Industry	IV	Stock Market	IX
Agriculture	IV	Wine	X
Chemical Industry	V	Music	X
Energy	VI	Food	XI
Education	VI	Tourism	XI

which is what acceptance of the military bloc and the belief in the Soviet idea of the conference would mean? The difficulty is that the West does not know what the Soviet Union means when it says what it speaks of its peaceful intentions.

The difficulty is that the West is uncertain of its own strength. Over the years, Soviet influence in Europe has been growing while the American presence has been declining, though no one quite knows how far this latter movement will go. Amid the changes the Americans will make in the past few years, the Soviet Union has ceased to be expansionist, there is little to concentrate the West European mind on its own defence. Once the answer was some kind of community for European Defence, not necessarily on the lines of that voted by France in the early 1950s. It may well be that the idea has been recently revived to London, and that this is the case of the new Anglo-American entente. Yet it is doubtful whether this could be developed in time, or whether West Germany would choose, or be allowed, to play a military role in it appropriate to its economic strength.

It appears that Herr Brandt is fully aware of these problems. He has recently become a front runner in accepting the Soviet call for conference. His Ostpolitik is frequently formulated simply as "Friendship and Cooperation with the East." But he also appears to be more ready than most to accept the extension of the community, came about less because of the arrival of Herr Brandt than the departure of General de Gaulle. Even West Germany's economic strength is probably exaggerated in the outside world. Much of it has been based on an undervalued currency and a tradition of working post-war years to work rather than holidays.

The present state of the economic relationship between the two blocs, at the end of a boom and the beginning of a possible recession—is discussed in another article. If the recession comes, coupled with growing doubts about the Ostpolitik, West Germany in the next two years will be a very interesting phenomenon.



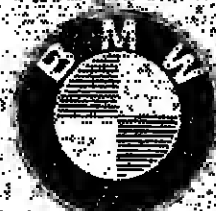
Keeping a cool head

A driver can only be as good as his car. So when a roadholding through inferior design is more often the rule than the exception it can only lead to nervous, uncomfortable driving.

The technical excellence of BMW cars, however, is in-

excess of traffic requirements. This superiority enables BMW drivers to respond correctly in any situation. And because they are able to react without stress or tension they stay fit behind the wheel.

Only cars such as these can breed superior drivers.



For sheer driving pleasure—BMW

BMW AG, Munich, Germany. Sole U.K. Concessionaires: **BMW Cars (UK) Ltd**, BMW House, Chiswick High Rd, London W4. Tel: 01-995 4551. **London Showroom, N.A.T.O., Diplomatic and Export Office**, 56 Park Lane, London W.1. Tel: 01-499 5585.



World-Wide Banking Service

Through the conclusion of cooperation agreements our three banks, with their head offices in the economically most important countries of continental Europe, have become even more efficient than before. This applies particularly to all import and export transactions, the deepening of multinational economic relations, and, last but not least, to keeping up-to-date on financial policy.

The added finances of DM 85 billion, the experiences of nearly 60,000 staff members at more than 3,000 bank offices and a large number of foreign branches, representations and participations offer a most comprehensive global banking service and thus make us the strongest partners you ever had.

You can benefit from our close cooperation regardless of where you have business to do, be it in Germany, France, Italy or any other country in Europe and overseas. We know the markets throughout the world and our extensive business connections will help you wherever you may need them. The steady exchange of experiences as a result of our close cooperation is available to all of our customers. All this is much more than we have been able to do for you already in the past.

BANCO DI ROMA • COMMERZBANK • CRÉDIT LYONNAIS

Why does the Financial Times advertise in Handelsblatt?

Maybe because this is the paper that informs Germany's business élite

Maybe because it's Germany's only national economic and financial newspaper

Maybe because this is the medium used by so many prominent international companies

Maybe because it pays to advertise in

Handelsblatt
Germany's business and financial daily.

For further information contact our representatives: Albert Milhahn & Co. Ltd.
525/527 Fulham Road, London S.W. 6, Phone 01-385 6623/4/5/6

WEST GERMANY II

Economic stability remains the aim

By MALCOLM RUTHERFORD

For a good two years now the chief aim of German economic policy has been to curb the boom without provoking a recession. Some time soon it should be possible to make a fairly clear judgment on how far it has succeeded; for the moment, however, the outcome is still in the balance and it is touch and go whether the economic downturn, which has plainly begun, can be controlled.

The boom—the longest and highest in Germany's post-war history—is over. But it was a long time a-dying and to-day there are widely differing accounts of what is really happening. On one side, there is the picture in the latest monthly report of the Bundesbank of continuing strong demand, and for which there is a certain amount of supporting evidence. The gross national product is still growing in real terms; in some sectors order books are as full as at the peak of any previous economic cycle, and existing orders alone should be enough to ensure a real 1971 GNP growth of between 3 and 4 per cent. The labour market is still remarkably tight. Seasonally adjusted, the ratio of vacancies to unemployed is three to one, and the crude unemployment figure for August was only 0.7 per cent of the labour force. The trade surplus in a first six months of the year rose to DM6,900m, though much of this is needed to balance the heavy deficits in services and other capital movements. "On the whole," the Bundesbank report concluded, "the expansionist forces still have the upper hand."

Little doubt

There is little doubt that at the time this move was seen as a brilliant coup by its principal perpetrators, Professor Schiller at the Economics Ministry and some of the members of the Bundesbank such as Dr. Otmar Emminger (though not by Dr. Karl Klase, who opposed it all along). It was intended as a way of restoring autonomy to the Bundesbank over money supply, which, partly because of the inflow of funds, had been rising at an annual rate of more than 20 per cent. It was also hoped that a short-term appreciation in the D-Mark would increase German imports and limit exports, thus further contributing to the cooling of the economy. Not least, Professor Schiller was using shock tactics to try to persuade unions and management to reduce the level of wage settlements, which were continuing to run at between 10 and 15 per cent a year. All this was part of the policy of curbing demand without inducing recession.

Profits down

On the other side, reports of some individual companies and industrial federations suggest something quite different. Company profits are down on average by about 20 per cent on a year ago, with some of the most famous names, such as Volkswagen or the chemical giants, down considerably more. There are almost daily reports of companies going on to short-time, especially in steel, electronics and automobile components, and there are similar complaints about falling orders. Crude steel production, for the example, in 1971 could be as much as 10 per cent lower than in 1970, which was itself fractionally down on 1969. Company dividends—perhaps unwisely maintained in 1970—will be sharply cut this year.

These depressing company reports, however, are still only barely reflected in the official statistics, which showed that despite the many well-publicised announcements of short-time work, the number of short-time workers in June was only 35,500, and in the same month new orders to industry were 2 per cent ahead of current output.

There is probably less difference between the two views than it seems likely that in the

event of a general realignment of parities Germany would be forced to revalue by more than is warranted by the true domestic economic situation. On the other hand, if there is no early realignment and the present uncertain situation, with its threat of increasing protectionism, continues, Germany will be a principal sufferer because its industry is so heavily export-oriented. Either way, Germany looks a clear loser, and at the very least the monetary crisis has made the problem of reducing demand while avoiding recession even more difficult.

The domestic situation, however, does have its brighter points. By coincidence or not, since the floating of the D-Mark the level of wage settlements has come down. The floating was followed by the key negotiations in the chemical industry; they were prolonged and bitter, and almost unprecedented for this industry, accompanied by strikes. But the final settlement was only around 7 per cent, the first major wage agreement this year to be within the Government's guidelines.

The even more important negotiations in the metal-working industry, which cover nearly one-fifth of the labour force, take place shortly. These, too, could be bitter, but it is significant that the union has put in claims of only between 8 and 11 per cent. Last year they were as high as 15 per cent. Last year, too, and the year before that, the negotiations were punctuated by some pretty dramatic wild-cat strikes. The official forecasts are that these are unlikely this time. The negotiations may be difficult, but in the last resort they will be about whether the final settlement is 6, 7 or 8 per cent, and will probably be settled by the good old principle of splitting the difference. No doubt, some employers will claim that even that is too much, but the point is that, without any statutory restraints, the level of settlements is being reduced. The German trade unions, however much more radical they may have become, are still not prepared to insist on demands which might disrupt economic growth.

Rising wages

The period of sharply rising wages also forced employers to rationalise. The reductions in overtime and occasional lay-offs in the course of this year have meant that labour is being used more efficiently. Unit labour costs, which peaked at the end of 1970, have been falling again. The problem of wage drift seems to have been temporarily eliminated. The industrial labour force is 0.6 per cent down on only a few months ago without any corresponding fall in production, indicating that productivity is again rising.

The outlook is considerably less bright on the prices front.

However, according to the latest figures, industrial producer prices are no longer growing as fast as they were: in July the index was 5 per cent up on a year ago; at the end of April, however, the annual rate of increase had been 5.2 per cent. Consumer prices, on the other hand, are rising faster than ever. The cost of living index, seasonally adjusted, rose by 1.5 per cent in the three months June to August alone, and in August was 5.4 per cent up on a year ago. No end to this process is yet in sight, and it is so unmarked a departure from Germany's previous performance that it is a cause for some political concern.

Real worries

In the end, however, it comes back to the low profit situation, the consequent cutbacks in investment and the fear that the D-Mark will emerge as an overvalued currency. These are the real worries and they are as yet unresolved. Yet even here the Government and the Bundesbank have an impressive array of instruments to hand, nearly all of which stem from their previous efforts to curb the boom.

The Bundesbank worked primarily through high interest rates and increasingly severe minimum reserve requirements on the holdings of the commercial banks. (The latter were raised by a further DM6,500m, even after the floating of the D-Mark.) In the changing situation one could expect a steady relaxation of these policies.

For its part, the Government worked by freezing part of its own budget, as well as those of the Länder, and by a temporary and repayable 10 per cent surcharge on income and corporation tax. The Bundesbank figures show that the Bank is holding almost DM9,000m, as a result of these government measures—equivalent to very nearly one-tenth of the 1971 Federal Budget. The entire sum is available to be pumped into the economy whenever it looks as if the downturn is going too far, and the DM3,765m of it which comes from the tax surcharge must be repaid by 1973 (incidentally election year). It is not a bad nest egg for a Government bent on avoiding recession.

Over the years German economic policy has aimed at the simultaneous achievement of growth, stability and a high level of employment based on the avoidance of dramatic economic cycles. Developments from the 1966-67 mini-recession to the final petering out of the 1969-70 boom have shown that in preventing the cycles it has not been entirely successful. But it is still too early to say that it has completely failed, and if the aim of curbing the boom without provoking a new recession succeeds, it will be a major economic achievement by any standards.

Improved prospects for Ostpolitik

By Dr. THEO SOMMER, Deputy Editor, Die Zeit

The term Ostpolitik, after Sauerkraut and Volkswagen, seems to be the most recent contribution to the English language. But it means different things to different people. It is not easily understood by many, and it provides a source of anxiety to some. Like Sauerkraut and Volkswagen, it is considered slightly quaint, yet at the same time it is regarded with undiminished suspicion. What is Ostpolitik all about and what will be its significance?

The first thing to say is that Ostpolitik is not a West German attempt at going it alone. It is not a policy vis-à-vis the Communist countries pursued by Bonn in splendid isolation. Rather it is part and parcel of a joint or at least harmonised Western policy towards the Eastern bloc.

In a way, Bonn has finally fallen in step with its Western allies. To Kennedy's peace strategy, Johnson's concept of peaceful engagement, De Gaulle's vision of détente, entente co-operation, Nixon's efforts of successive British Governments to lessen East-West tensions, Willy Brandt's Ostpolitik provides a logical, though late sequel.

It is based on the foundation of a strong Western alliance. In

fact, such an alliance is the prerequisite to its success. In this respect, there is some truth in the snide remark that Chancellor Brandt is conducting his Eastern policy with the American Seventh Army and the British Army of the Rhine. The Federal Republic is in the position of a man who precariously stretches out his hand across a wide ditch but whose friends must hold him firmly by the other hand lest he fall.

Less spectacular

The second thing to point out is the much-ignored fact that Ostpolitik covers by no means the whole of Bonn's foreign policy. There is a Westpolitik as well, perhaps less spectacular but certainly equally determined and important. The Luxembourg agreement on the entry of the United Kingdom into the Common Market would have been impossible without Willy Brandt's quiet, yet unrelenting efforts to gain the consent of Georges Pompidou. In his own view, the dramatic midnight scene at The Hague, where the French President finally and irrevocably committed himself to the idea that the Common Market ranks at least as important as his historic signature of the Moscow Treaty.

Thus Ostpolitik is complementary to, not a substitute for, Westpolitik. West Germany is firmly embedded both in NATO and in the European Community. It is neither trying nor is it tempted to loosen its ties with the West. The spectre of Rapallo that seems to haunt a good many minds looks rather laughable in the world of 1971, with Germany and the Soviet Union playing in quite different leagues. Anyway, as Chancellor Brandt has put it time and again: "We are no floating kidney."

A third point has to be made here. The present Government's Ostpolitik is new in two important respects. It is based on the recognition that there exists a second German State, and it rests on the implicit assumption that reunification, while not totally renounced as a policy goal, is at best a vague option towards a far-off future, out a matter of practical politics here and now. But the roots of such a policy based on accepting realities as they exist in Europe to-day reach far back into the terms of three CDU-Chancellors. Schroeder's policy of movement foreshadowed the abolition of the Hallstein doctrine as long ago as 1962. Konrad Adenauer twice—in 1958 and again in 1962—secretly approached the Soviets to strike a deal involu-

king a ten-year moratorium on the reunification issue in return for more normal and more human relations between the two Germanies. And it was, after all, Kiesinger, a CDU-Chancellor, who started the dialogue with his opposite number in East Berlin long before Willy Brandt went to meet Willi Stoph in Erfurt. A good case could be made that any Bonn Government, no matter what party, would have to pursue roughly the same Eastern policy in present circumstances.

What motivation lies behind Ostpolitik? It is not, as pointed out above, a desire on the part of West Germany to cut loose from its Western moorings and drift, little by little, into Eastern waters. Nor is Ostpolitik propelled by economic motives.

Little trade

While a number of firms in a few specific branches do have significant business interests in the East, overall West German trade with Communist countries amounts to hardly 5 per cent of the total trade volume, and even if Eastern trade could be doubled in absolute terms, its relative significance is unlikely to grow appreciably. The lure of the Eastern market is dulled.

Continued on next page.

BERLINER DISCONTO BANK · DEUTSCHE UEBERSEEISCHE BANK · SAARLÄNDISCHE KREDITANSTALT

ST GERMANY IV

Serious troubles for motor industry

By CHRISTOPHER LORENZ, Frankfurt Correspondent

The West German car industry has been working at full capacity for over 12 months, with output and sales breaking all records. Yet profits were heavily down last year and the slide is continuing. The Board of the country's largest motor company has recently felt compelled to issue a series of statements reassuring shareholders that it is still profitable.

This extraordinary state of affairs is the result of a combination of circumstances, chief of which are rising costs, especially in the labour field, sharper foreign competition at home and abroad, partly as a result of parity changes, and problems with certain models.

The situation is causing concern in a country which is the world's third largest car producer and its biggest vehicle exporter. Cars are the Federal Republic's prime export product: last year they accounted for almost 18 per cent of its exports of manufactures. Moreover, every seventh worker in the country is dependent on the motor industry, according to the industry association.

The company worst affected is Volkswagen, where last year's net profit of DM190.5m, a 42.4 per cent drop on 1969, was made on group sales of DM15,800m. In comparison Daimler-Benz made DM222m on a turnover of DM11,675m. VW's earnings are expected to be much worse this year, and in 1972 it could even turn in a loss.

If it does, few will blame Herr Rudolf Leiding, the former mechanic who has just taken over the Wolfsburg reins from the ill-fated Professor Kurt Lotz, eased out of his chair three weeks ago. Herr Leiding has already sided with the critics who blame many of VW's difficulties on the fact that few components can be used in more than one model (the Warbel engine may be one of the first candidates for this treatment). He has also given notice that certain models will be dropped—presumably the less successful ones, such as the 1500 and

1600. But his search for recovery will be a long one, and will be complicated by developments over which he has little or no control.

The two most immediate problems, for VW and the rest of the industry alike, are the international monetary situation and the imminent round of union wage negotiations. Last year the country's 4.3m. employees of the metalworking industry gained a basic wage rise of 12 per cent plus. By the end of this month their contracts will have expired, and talks about the 10-11 per cent basic claim will be in an advanced stage, if they have not already broken down. A dispute could prove costly, both in terms of lost output and the final settlement.

Indefinite extent

The effects of the uncertain international monetary system have been felt in the industry since the floating of the D-mark last May. Their extent is indefinite, particularly as far as the American market is concerned. Both Daimler-Benz and BMW are hoping that neither the Nixon surcharge nor the increased *de facto* DM revaluation will lead to a fall in sales, although they are both prepared to see their margins become tighter. They base their optimism on the assessment that price is one of the least important factors in the minds of their U.S. customers.

The same cannot be said for VW, which exports 35 per cent of its domestic production to the U.S., compared with about 10 per cent in the case of Daimler-Benz and BMW. Wolfsburg has the added difficulty that its products are more susceptible to competition on price grounds alone, and it is for this reason that it is the only German company to have declared its intention of raising its U.S. retail prices by more than the 6.5 per cent occasioned by the imposition of the import surcharge. Rudolf Leiding is

worried about the effects the Nixon package will have on Audi sales, which were in their all-important take-off phase when the President changed course. Combined with the fact that, relatively speaking, VW is the losing ground in the U.S. to the Japanese manufacturers, this all augurs ill for Volkswagen's U.S. sales and profits.

Other pointers of change—and causes of trouble for the German car industry—are just as weighty, if less sensational. Import penetration is making inexorable progress, with the rate growing from 20.4 per cent in 1969 to at least 25 per cent this year and more next.

The German industry is the first to recognise that the rapid growth of imports is also due to the effects of the Kennedy Round, the cutting of intra-EEC tariff barriers and the resulting growth in awareness of foreign products. While it draws some consolation from the prospects of a sales surge in Britain and Scandinavia following the enlargement of the EEC, it realises that this development will only increase the level of European motor competition, prompting the French, Italians, British and Swedes to step up their efforts in the Federal Republic.

Safety research

On certain foreign markets one of the German companies, Daimler-Benz, may be able to collect a bonus from its safety research when the various national authorities finally lay down the requirements. But in the meantime, the research work is proving a costly business, particularly for VW, which is devoting much of its investment budget to the problem of adapting existing models and developing new ones which will conform to the passive and active safety regulations. Last winter the German and American Transport Ministries agreed to share the burden of Experimental Safety Vehicle (ESV) development, with the Germans working on a 900-kg vehicle and

the Americans constructing one twice as heavy. While the U.S. Department of Transportation has made funds available to a number of companies, VW on the one hand and Daimler-Benz together with BMW on the other, are financing their own work.

The escalating costs of safety and pollution research and development, and of production are likely to have far-reaching repercussions. Some are already evident: VW and Daimler-Benz have been working together for some time on electric car re-

search, and Daimler and BMW are co-operating in the safety car sector. Just as Daimler and MAN are just beginning to produce lorry parts for each other, so future BMW and Mercedes cars may have common components. If VW does not get its hands on BMW first, a senior BMW manager recently said that as far as he knew many people in Wolfsburg would dearly like this to happen. Co-operation also extends abroad: VW and Daimler-Benz are now working in tandem in Spain and Indonesia, and are expected to continue this trend.

As sales grow larger, there may also be a move towards producing parts in countries where labour is less expensive than West Germany. Daimler-Benz is already importing parts for commercial vehicles from Brazil and Argentina.

The need to rationalise production by the exchange of components, and even, perhaps, by cross-frontier mergers, is felt to be a thing of the future. But it will be upon the German industry earlier than expected if a recent forecast by Deutsche Shell is borne out. Shell expects car sales in Germany to grow by about 25 per cent between 1970 and 1975, but says that the rate will fall to 10 per cent between 1975 and 1980, and to only just over 4 per cent from 1980-85. The futurologists have been wrong before, but even if Shell is only 50 per cent correct in its 1975-1985 forecasts, the ramifications for the industry and for German society are enormous. To cite only the most obvious conclusion, rising car production could no longer be a *sine qua non* of economic growth in an industrial society. Some companies could probably turn to the production of new means of transport, such as electric capsules for city use, but the industry would have to undergo a radical transformation.

Cooling off

For the moment, however, its attention is on the immediate trouble-ridden future. With the German economy now clearly cooling off, falling demand could be added to its many problems. At first this would be welcomed by a number of firms, including BMW, which maintains that lack of capacity is its only bar to an increased market share. But a lengthy decline would be a different matter. It would put VW in dire straits than ever, and, to take a leaf from the Japanese calendar, probably turn 1973 into the year of the dead Beetle.

Higher output from the farms

By Professor HERMANN PRIEBE, Professor of Agricultural Policy, University of Frankfurt

West German agriculture contributes just under 4 per cent to the national product, and is the main source of income for only between 4 and 6 per cent of the population. Its productivity, however, is steadily increasing. With an annual output worth DM32,000m, it does not lag behind other important sectors of the economy, and is itself the basis for other economic activities in trade, crafts, manufacturing and intermediary industries.

As a social group, the rural population has always been the object of special attention, even more so to-day when it is watched for its contribution to the structural development of the German regions, to the shaping of the countryside and the environment, and its relationship to the big population

centres. Thus, for various reasons, agricultural policy has always played a political role in Germany far exceeding the narrower economic functions of farming.

Germany's traditional areas of civilisation not only maintained their diversities in the period of industrialisation, they became to some extent the basis for specific economic contributions to agriculture and commerce. From the beginning, economic development took place under conditions of mutual interdependence between town and countryside, and often with close local contacts between industry and farming. The result was a broader distribution of the population and of marketing centres than in other states. In other words, there was very little centralisation. (Germany's

19th century, which gave farm-

ing the freedom to take its own decisions, security of tenure and a share in economic progress. Family farms were very largely seen as the economic and socio-political ideal, and to-day many of them are among the most economically sound in the world. At the same time, there has been a marked rise in the number of people who combine farming with other professions and who work on the land only part time. Of the 1.3m. farms which appear in the official statistics, more than half are part-time interests.

Population growth

German farming continued to expand steadily even during the industrialisation of the 19th century. The population growth was absorbed by industry, while the number of people on the land remained virtually stable right up to the Second World War. Agriculture's share of the total population, however, dropped considerably—from 75 per cent to 15 per cent. In the same period, agricultural production rose four times, broadly equivalent to the population increase and the rise in national income and demand. On the whole, farm earnings kept pace with the growth of the rest of the economy, although agriculture experienced no basic structural changes.

Some of the basic concepts of German agricultural policy were formed during this long period of steady growth without structural change. They were, however, also firmly based on the policy of the nation-state. Thus it was considered of great importance to preserve the rural population and to secure self-sufficiency in food supplies. These aims gave rise to protectionism, which was hotly disputed when it was introduced after 1870. The economic and socio-political debates at that time led to a barrage of economic and social theories, ranging from the natural backwardness of the farming community and the idea of a special law of decreasing returns and of permanent income disparity, to its idealisation as an important element of cultural and social life. In 1878 the introduction of tariffs on grain announced the beginnings of a defensive agricultural support policy, which was extended step by step and finally gave agriculture a special position in the economy.

Since the war, the bases of this policy have changed in various ways. Yet, after a century of protectionism, the traditional way of thinking has survived. This explains the apparent contradiction that West Germany could enter the Common Market both as an advocate of the free market economy and agricultural protectionism. It explains too how West Germany supports a liberal economic policy but simultaneously plays a major part in the efforts to

Rising standard

In part, this dynamic development was due to the marked expansion of the German agricultural markets set off by the abrupt increase in population as a result of the arrival of more than 10m. people from the east. The rising standard of living also played a role. Those were unique conditions. Meanwhile, food consumption has almost reached its limits, and is likely to grow at most by 2 per cent a year. Production on the other hand is growing by between 3 and 4 per cent, which is certainly a reversal of the trends of the past.

Many farmers are still scarcely aware of the extent of the changes mentioned nor have many politicians appreciated the consequences. This explains the fact that on entering the Common Market, Germany still hoped to continue its traditional agricultural policy of making price policy the main instrument in incomes policy.

Continued on next page

Most ideas need money

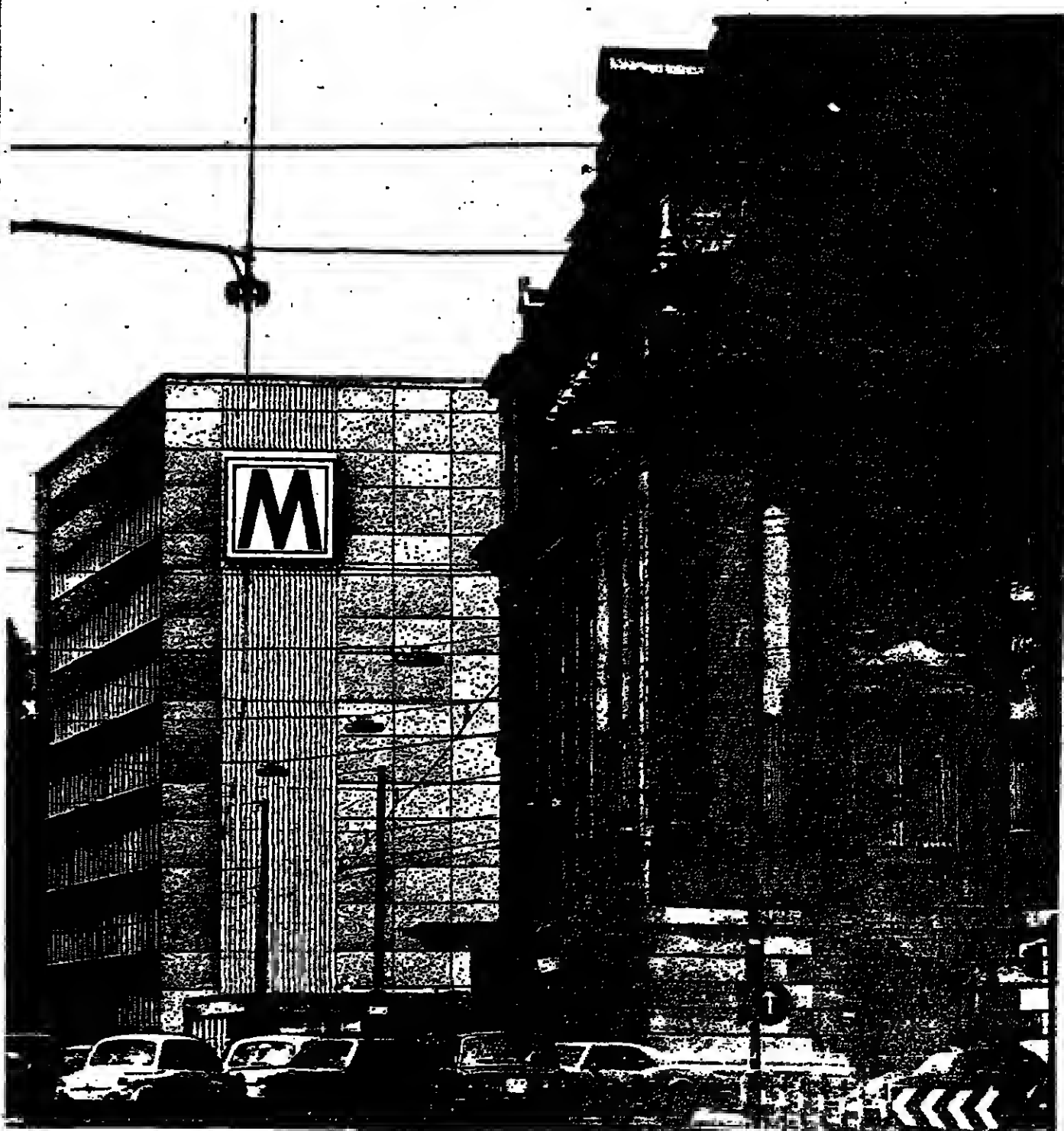
The idea of an incandescent bulb never yet turned on the light. Which is too bad. Thousands of ideas remain just ideas. But luckily thousands of other ideas do turn into useful objects: Light bulbs, zippers, machines, computers. They do it because the ideas have matched up with money. Through a bank. Something you can bank on.

Dresdner Bank

YOUR BANK IN GERMANY

Branches throughout the Federal Republic including West Berlin. Representative Offices: New York, London, Paris, Madrid, Tokyo, Johannesburg, Beirut, Istanbul, Cairo as well as joint representations with Deutsch-Südamerikanische Bank in Latin America.

London Representative Office: 7 Lothbury, London, EC2R 7HH Tel: (01) 606-2416/7



modern by tradition

METALLGESELLSCHAFT AG — an international concern based in Frankfurt — has been leading in non-ferrous metals since 90 years. With a staff of 38,000 and an annual turnover of \$ 550 million Metallgesellschaft today belongs to the big industrial groups in the Federal Republic of Germany. The group's activities and products include: metals, raw materials, chemicals, plastics, rubber, building components, technical processes, engineering, transport services, banking, financial and insurance transactions.

METALLGESELLSCHAFT AG
D-6000 Frankfurt am Main
METALLGESELLSCHAFT LTD.
Finlay House, 82/84 Fenchurch Street
London E. C. 3, Tel 01-709 9801

Ring Trading Members of the London Metal Exchange



WEST GERMANY V

Chemical industry hits hard times

By Dr. KURT HANSEN, President German Chemical Industry Federation

In 1970, after almost 20 years of rapid and substantially undisturbed growth, the chemical industry in the Federal Republic found itself in a difficult situation, which has continued in 1971. For the first time in many years the industry's growth was considerably smaller than that of other industries as a whole.

Both inside and outside Germany it was some time before the public was prepared to believe the unusual tidings of rapidly falling profits and partly stagnating sales. After all it was the chemical industry, in particular, which during the last depression period of the German economy in 1966 and 1967 proved itself to be an area of exceptional stability and was able to emphasise its leading role as a growth industry.

The industry, not only in the Federal Republic, will continue to be a growth industry in the future. This may be safely assumed from the nature of its products and from the high degree of innovation resulting from its intensive research. However, the German chemical industry is confronted inescapably by the question of whether it can continue to hold its share of the international market, or whether it will lose ground in the face of vigorous international competition. So far the Federal Republic has succeeded in establishing throughout the world its position as one of the classical suppliers of chemical products. In the past the industry has steadily exploited the opportunities resulting from world-wide trade liberalisation.

Rising capacities

The difficult position in which the German industry now finds itself is not due to any lack of competitiveness in its products, whose quality and progressiveness are recognised and valued throughout the world. In production techniques, too, the industry is in line with the most up-to-date international standards. Furthermore — though easily done — it would be wrong to attribute the industry's present difficulties to excessive capacity or excessive investment.

In the chemical industry, both at home and abroad, competition is exceptionally lively and it is only natural that every firm would like to have the largest possible share of the cake. In certain branches of the industry excessive capacity has always existed, even in times of high economic activity throughout the world. This is explained simply by the magnitude of modern production plants and the fact that capacities rise, not continuously, but in steps.

In contrast to what some people may think, it is impossible in many fields to enlarge plants by degrees of, say, 50,000 tons and thus to adapt them to actual increases in the capacity of the market. For technological and economic reasons chemical plants are now often several times larger than they were a decade ago. The completion of one of these plants

frequently raises the available capacity by several hundred thousand tons, so that the market has to "grow into" the addition. However, since legislation prevents agreements between manufacturers with regard to forward planning, the chemical industry is never free from bottlenecks on the one hand and excessive capacity on the other.

The reasons for the present unfavourable situation are not of the German industry's own making. In 1970 the industry was affected over a long period by the revaluation of the D-mark, which took place in October, 1969, and which coincided with an already perceptible downturn in economic activity. It resulted above all in a serious impairment of foreign earnings and took much of the dynamism out of the export business, which in recent years had always provided considerable growth impulses.

Nineteen-seventy also burdened the industry with an exceptional increase in wages and

as a whole was the most difficult in the post-war period. Unfortunately, in 1971 it has not been possible to pause for the vitally necessary consolidation. On the contrary, the industry's burdens have become heavier. Recent German social legislation has increased the load on German industry to the tune of thousands of millions of D-marks, while the latest round of wage negotiations at the beginning of the summer imposed on the chemical industry additional financial obligations which it is finding difficult to bear in view of the present earnings position. Further, while making enormous efforts to retain its competitiveness, for the first time in many years, the chemical industry has been affected by strikes, which resulted from the unions' entering the negotiations with completely unrealistic demands. The already unfavourable positions of some firms have thus become still worse.

German industry — the chemical industry especially — received a fresh blow from the decision to float the D-mark, tantamount to a further revaluation. Following the 1969 revaluation, the markets which had been so laboriously built up were retained, despite falling returns. In the meantime, the cost situation has deteriorated so much that in many cases retention of foreign markets "at any price" is no longer justifiable. The freeing of the exchange rate has additionally introduced considerable uncertainty into external economic transactions owing to the absence of a firm basis for calculation. The de facto D-mark revaluation in relation to almost all other currencies continues to have very serious effects on the earnings position. On the assumption that price increases are excluded by the present international competition, every

percentage point by which the D-mark is up-valued — and in recent weeks the revaluation rate had been more than 8 per cent — results in a loss of earnings to German exporters of about DM200m. By introducing a 10 per cent import surcharge the U.S. has set up a further hurdle and laid the foundation stone for a dangerous worldwide escalation of protectionism. The immediate effects of the surcharge will doubtless be more than counteracted by a damaging effect on world trade, the comparative freedom of which has in the past year benefited all concerned.

Profit margins

The earnings position of the German chemical industry must be seen against the background of these many-sided and often cumulative impediments. No one can expect an industry saddled with such burdens and engaging at the same time in lively international competition, which frequently precludes price increases, to maintain, let alone increase, its profit margins. The interim reports of the large companies fully show how much profits have shrunk. When earnings are 30 to 40 per cent, lower than those of the corresponding and already deteriorating period of 1970, the maintenance of dividends which have been stable for years becomes questionable.

This development will unavoidably affect further expansion and investment plans. As shown by a recent inquiry conducted by the German Chemical Industry Federation, the industry is definitely becoming less willing to invest, a fact which in the longer term will impair opportunities for expansion. This, in turn, harbours the serious risk of an international recession. There is no doubt that foreign activities, too, will have to be critically reviewed. Yet, particularly in view of the latest currency measures and the reappearance of the dangers of protectionism, the steps taken by many German chemical firms, which in recent years have intensified their manufacturing activities abroad, have proved correct and increasingly beneficial.

The German chemical industry owes its international success not least to the increasing liberalisation of world trade. For years, therefore, it has been pleading continuously — and, as it appears, successfully, after all — for an enlargement of the EEC and for policies which could prevent the formation of watertight blocks in Western Europe. It welcomes the fact that the negotiations with Great Britain have been very promising and hopes that they will soon be brought to a satisfactory conclusion.



ICI (Europa) Fibres nylon plant at Oestringen.

salaries, which together rose by 22 per cent (while the work-force rose by slightly less than 5 per cent). Consequently the proportion of the industry's turnover represented by wages and salaries shot up from 18.6 to 21.3 per cent within a year. Since many other expenses, especially for capital goods, rose by 20 per cent and more, the industry was increasingly affected by spiralling costs. But unlike many other industries, it was prevented by increasing competition from adjusting its prices to the new situation. Thus, whereas the official price index of industry as a whole rose by almost 6 per cent, the prices of the chemical industry remained practically unchanged at their 1962 levels.

As a result, the industry suffered drastic reductions in its 1970 earnings, and the year

was totally different. The area of cultivated land per head of population is nearly twice as large as in Germany — at one acre on average as against 0.55 acres in Germany (0.875 acres in Britain). From the beginning, the rest of the Community's self-sufficiency in grain and animal products was higher. Above all, the Community's production reserves were completely underrated especially in France, which with nearly 50 per cent of the total agricultural area of the Common Market and 1.75 acres per head of the food supplying area, had a very low level of return at small producer prices. Thus the Germans underestimated the production reserves elsewhere, while the rest of the Community overestimated the German market as an outlet.

High prices

True, German farming did not completely succeed in maintaining its high price levels and had to accept a minor reduction in grain prices. But the common price level meant considerable increases for the other members, in the case of France by as much as 132 per cent. The result was a 35 per cent jump in production in barley in ten years with France in the lead. The consequences are well known: self-sufficiency in certain products, especially wheat, sugar beet and milk products gave way to surpluses which could not be sold and brought heavy financial burdens in their train. In agriculture, the EEC has become rather a closed preference area than an open community, and the important political tasks of European integration have almost been lost sight of in the pursuit of technical perfection of the agricultural system.

As yet there is little hope of a way out. Dr. Mansholt's structural plans are no substitute for a rational market and price policy. On the contrary, they give rise to fears that the distortions will be increased through rising financial burdens.

For the rapid creation of larger and more capital intensive farms would increase the trend towards rising production and disparities in income, even if accompanied by drastic reductions in the number of persons employed. Such an approach is neither economically nor socially acceptable and its consequences for the structure of the rural regions have not yet been thought out. Thus there can hardly be enough warnings against involving European farming in new, expensive adventures of structural change forced on it by the agricultural bureaucracy in Brussels.

One of the tasks for the 1970s will be to free agricultural policy from its more questionable traditions, to develop a rational market and price policy, and to combine structural policy with the new concept of opening up rural regions to all sectors of the economy. In this respect, the increase in production has its favourable aspects: It has made areas available for the new needs of a society which, given plenty of leisure time and great technical and natural resources, is striving to incorporate the rural regions into their lives as an important part of the environment.

The facts that matter:

Political Stability

Economic Prosperity

Social Responsibility

Agriculture — (Cont'd.)

There is one bank in Japan that gives you full banking service

Daiwa Bank is the one.

We have 137 branches throughout Japan. Plus a London branch, an agency in New York, representative offices in Los Angeles and Frankfurt/Main; joint venture bank in Djakarta. We go where we are needed — where the opportunities are. Daiwa. The go-ahead bank that stays ahead. May we help you? General banking, international banking, trust, pension trust and real estate.

DAIWA BANK

Head Office: Osaka, Japan

London Branch: Winchester House, 77 London Wall London E.C.2

Tel: 01-588-1832/4

Frankfurt Representative Office: 6 Frankfurt/Main Grosse, Gallusstrasse 15

Tel: 23-5680/2832

New York Agency/Los Angeles Representative Office

Joint Venture Bank: P.T. Bank Perdanis, Djakarta

ENGAGEMENT IN GERMANY?

Contact ICA

Our services:

- elaboration of financing programmes, investment promotion and promotion of joint ventures
- efficiency improvement (rationalisation, reorganisation)
- sales and export promotion
- establishment of subsidiaries and branch offices

ICA Planning Group for Co-operation and Establishment of Industries

Dr. Hardinghaus GmbH, 10 Adelsheidstrasse

D-6200 Wiesbaden (near Frankfurt), West Germany.

Phone: 37 23 13 Telex: 4186270

THE FEDERAL REPUBLIC OF GERMANY

— a dependable partner

Issued by the German Embassy Press Department

GERMANY VI

Heavy subsidies for nuclear power

By HANS BAUMANN, Energy Editor, Die Welt

The energy market in West Germany is precariously balanced between liberalism and State control. The Government wants to keep it private, but finds that too often it does not pay; yet the Government lacks the means and the will to take it over. The situation is illustrated by two outstanding events. First, the Government must shore up the German mining industry with further credit guarantees if it is to avoid certain bankruptcy and raise productivity. Secondly, Deminex (Deutsche Erdölver-sorgungs GmbH), the West German oil exploration consortium, has agreed with BP to develop jointly, certain of the British concessions. But once again Bonn will have to provide the money—considerably more than the DM575m, a year which has been available to the German oil companies for prospecting in the past.

Ruhrkohle AG, which groups 52 pits in the Ruhr area with a daily output of around 330,000 tons, was founded in 1969, the previous managers having transferred both their assets and liabilities to the new company. The amount which Ruhrkohle owes its owners for this transfer is around DM3,300m. (Valuation was made solely on the basis of the assets; profit value was not determined, allegedly because this was impossible.) The sum was to be paid back over 20 years at 6 per cent. interest, with the Federal Government and the State of North Rhine-Westphalia guaranteeing the DM3,300m, but not the interest.

New industries

This was the German model for the rationalisation of the industry. The plan was supported by the so-called Coal Adjustment Law, which was intended to cut the industry down and thereby improve it, it had never been higher than

and to restructure the coal 30 per cent, even during the holiday season. In other words, 40 per cent of each shift falls to turn up. Since the costs of even a 1 per cent shortfall are estimated at DM60m a year, the consequences are obvious: Ruhrkohle cannot even earn enough to pay back its shareholders. Yet drastic closures in order to concentrate production on the best pits are still regarded in Bonn as inadmissible on political and social grounds.

It is possible to draw the following conclusions. First, the shareholders, mainly the German steel companies, ought to make Ruhrkohle solvent by

equipping it with greater liquidity. However, given their pronounced fall in profits, they would have achieved its official aim. For a long time the Government has been trying to make Germany responsible for its own oil supplies. When the attempts at a bilateral deal with Iran fell through and West Germany was unable to penetrate into the NIOC, even with the help of Deminex, the Government turned to the so-called "industrial solution."

The solution has only one snag: the Government has no money to pay for it, and the idea of independent oil supplies will be a dream until it has.

Right direction

There is no doubt, however, that the agreement with BP will be a step in the right direction. The agreement makes the Government's plan to store an initial 10m. tons of crude oil in old salt mines altogether more feasible. The primary energy balance, which shows that oil already accounts for 52 per cent, proves that the Government has to pay still more attention to securing energy supplies. The efforts to resume diplomatic relations with the Arabs must be seen in this light. The traditional energy

PRIMARY ENERGY CONSUMPTION IN THE FEDERAL REPUBLIC PER CENT.

	1970	1975	1980
Pit coal	29.2	21.7	13.7
Open cast	8.8	7.2	5.9
Petroleum	53.0	57.8	60.8
Natural gas	5.5	9.6	11.7
Water power	3.4	1.5	1.2
Nuclear power	0.6	2.2	6.7
Other	0.5	—	—

sources of coal and oil are either imported oil or imported gas.

Thus both the Government and the private energy sector are staking the future on nuclear power. By 1974 nuclear capacity should be about 5,000 MW, supplied by 14 atomic power stations, most of which will have light water reactors. By 1978 there should be 23 nuclear stations with a capacity of about 13,000 MW. By the end of 1980 nuclear capacity should have risen to 20,000 MW, and the share of nuclear energy in the total electricity supplies to about 10 per cent.

Third programme

The seriousness of the Government's approach to nuclear energy is shown by the size of the subsidies, which in 1970 reached DM 1,200m. Under the third West German nuclear programme (1968-1972) Bonn will spend a total of more than DM 6,000m, on nuclear research and technology. On top of this the Government is co-operating with Britain and the Netherlands in the gas centrifuge programme to find cheaper methods of uranium enrichment, thereby loosening its dependence on the U.S., which previously has monopolised 25 per cent of 33m. tons. German nuclear fuel supplies. The Government policy here is partly based on the relatively stable costs of nuclear power. The rising world energy demand is forcing the raw materials industry to open up those oil and gas reserves which will be even more expensive than the crude oil already flowing into Rotterdam at DM 81 a barrel c.i.f. Energy prices will increase steadily because of the steady rise in the cost of the raw materials for energy production. Since the cost factor is essential, no industrial country can afford to neglect what in the long term looks like the cheapest source of energy available—nuclear power.

Catching up in education

By ERNST ELITZ, Education Correspondent, Der Spiegel

The universities in West Germany have become quiet. Professors give lectures and hold seminars almost without disturbance—a situation scarcely conceivable two years ago. Then, teaching in many faculties had come to a standstill as gangs of student agitators roamed the lecture halls. The members of the Socialist Student Federation (SSS) aimed at the establishment of a system of Soviets as practised at the time of the Paris Commune and aspired to by some of the communist intellectuals after the October revolution in Russia.

Little is left of these dreams. The SDS has split into many ideologically opposed factions, and the students' activities have shifted to new "participation" committees, which allow them a voice in decisions on the university's future: on courses and methods of examination, on the carrying out of research projects and the distribution of the university budget. The right to participate is guaranteed under new university laws in some Länder.

High honour

At some universities—for example, Hamburg and West Berlin—young assistant professors have been elected University President. This is a break with tradition which emphatically illustrates the change in university structure in a country where from time immemorial the office of President was considered a high honour reserved for older and more famous scholars. The shortcomings of the tradition, however, became clear in the past two decades. The distinguished scholars, having little experience of administration, failed to take bold of the running of universities, which had become so large that the biggest one of all—in Munich—has 24,000 students. Only now are efforts being made to rationalise the administrative system, including the establishment of planning departments.

The change was possible only because a monument was toppled; and that was the German professor, whom a nation which already revered authority had been prepared to regard as almost infallible. Under the new university laws, which were

passed in those of the Länder governed by the Social Democrats, all decision-making bodies now have one or more students or assistant professors among their members who—provided they vote unanimously—can have a majority over the professors. It is scarcely surprising that conservative university teachers oppose such a far-reaching process of "democratisation." Nowhere, they argue, "not even in China during the cultural revolution," have students, still inexperienced in academic work, had so many rights. Indeed, neither in the people's democracies nor in Western Europe has such an experiment ever been attempted.

Widespread fears

Criticism of the experiment is not confined to people inside the universities. Both the Christian Democrats among the political parties and the industrialists among the pressure groups fear that the universities' scientific achievements will suffer from student participation in decisions. They also fear that the more active socialist students might transform the courses and turn the universities into what would amount to communist recruiting centres.

Such fears are not unfounded, as events in Berlin and Bremen have shown. Almost all the lecturers at the Free University's Otto-Suhr-Institute in West Berlin, West Germany's largest school of Political Sciences, are left of centre. Many of their students will be tomorrow's teachers of politics in the grammar and comprehensive schools. At the university in Bremen, which is just being opened, the man chosen as President was the 34-year-old Thomas von der Vring, who until last year was chairman of the Young Socialists, the Left-wing grouping inside the SPD. On the whole, however, there is still not enough experience for a proper assessment of the political effects of reform. The reforms began only two years ago and now apply to about one third of West Germany's 40 universities. The students themselves are in the throes of a process of political realign-

Why not make your German business more profitable?
How?
BfG has the market information you need.

You want to get more out of your German business. So you need a bank that can do more than just carry out your instructions. You need a bank like BfG. We have first-rate contacts in every sector of the German economy. Including those that matter to you. Our market information is always up-to-date. We advise on the creditworthiness of the people or companies you deal with, on trade legislation and

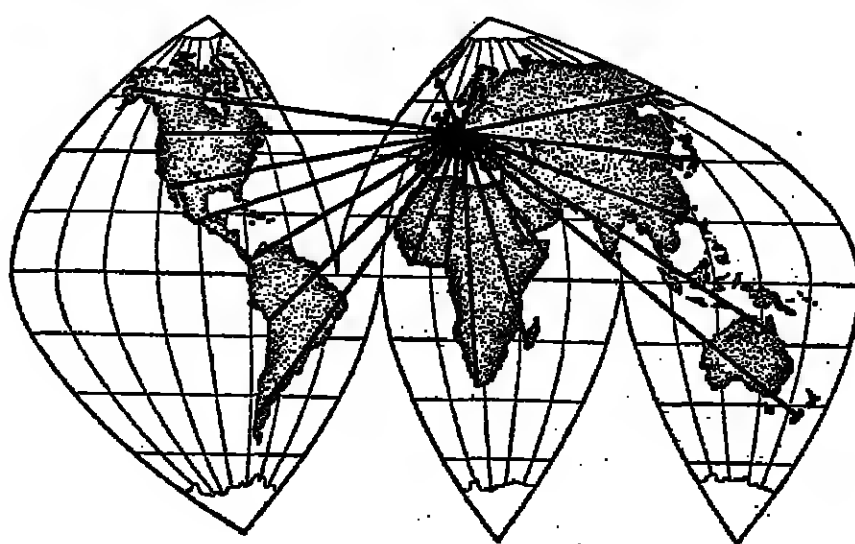
on economic regulations. You can depend on BfG. And rely on its services. From Hamburg to Hong Kong.

BfG Bank für Gemeinwirtschaft

P.O.B. 5107
6 Frankfurt am Main 1
Germany

Our Representative Office in Great Britain:
131-133 Cannon Street
London, EC4N 5BL
Telephone: 01-626 4946/7
Telex: 887628

In Germany complete international Banking Service.



The Landesbanken and Girozentralen are the Central Banks of the German Savings Banks (Sparkassen) which have more than 15,000 Offices.

They form a close network of efficient banking service throughout Germany.

**LANDESBANKEN
GIROZENTRALEN
SPARKASSEN**



1975	1980
21.7	13.7
7.2	5.9
57.8	60.6
9.6	11.7
1.5	1.2
2.2	6.7

Imported oil or imported
is both the government
stating the future
power, by 1974 nuclear
should be about
MW, supplied by the
power stations, most
will have 1,000 MW
nuclear stations with
of about 13,000 MW
by end of 1980 nuclear
ity should have risen
ar energy in the share
city supplies in the
cent.

Third programme

seriousness of the govern-
s approach to nuclear
y is shown by the size
subsidies, which are
ed DM1.2 billion. Under
West German nuclear
ame (1968-1972) be-
pend a total of more
0,000, on nuclear re-
scholarship on top of the
Government is cooperative
Britain and the Nordic
in the gas centrifuge re-
ne to find cheap
ds of uranium and
thereby lowering a
ence on the U.S., via
usly in a monopoly
an nuclear fuel supply.
Government policy has
ly based on the relative
costs of nuclear power,
ising world energy dem-
rency, the raw materi-
try to open up these
as reserves which will
more expensive than
oil, although showing a
slight at DM1.4 a ton.
Energy prices will move
ly because of the rise
in the cost of the raw
als for energy prod-
ction. Since the cost fac-
tor, no industrial coun-
try can afford to meet what
foreign countries like
ed sources of energy in
nuclear power.

WEST GERMANY VII

Banking growth not without its problems

By CHRISTOPHER LORENZ, Frankfurt Correspondent

West German banks are not usually given to arguing with each other in public. Their differences tend to be aired behind closed doors and settled in a quiet and amicable fashion. In recent weeks, however, this carefully preserved decorum has been disturbed by a series of public statements.

The dispute is between the so-called "private" banks—defined as those not owned by public authorities and therefore including the commercial banks—and the Girozentralen, the central institutions of the savings banks. The Girozentralen and their smaller members have enjoyed tax privileges ever since the German banking system was developed in the late-19th century. In 1967, these privileges were partially re- moved, basically on the grounds that the savings banks and their Girozentralen were now conduct- ing business of a similar nature to that of the large "com- mercial" and regional banks, who received no such conces- sions. Since 1968, savings banks have paid a basic rate of 35 per cent in corporation tax on their gross profits, while private banks are taxed at a basic level of 51 per cent.

The private banks are now pressing hard for the privileges to be removed in 1974, when Bonn is due to introduce a wide- ranging tax reform package. They maintain that the Federal Government is losing as much as DM1,000m. in tax revenue through the maintenance of these privileges, and they are trying to persuade the Economics and Finance Minister to remove them earlier than he originally intended; several months ago he said there should be a transition phase which should last between three and five years beyond 1974.

The problem is complicated by the fact that under German law profits paid out in dividends

are taxed at a lower rate than those transferred to reserves. This has allowed the savings banks to claim that in spite of the privileges they enjoy on basic rates, they have a total tax burden of 44.5 per cent, against the private banks' 41.1 per cent. Needless to say, this calculation is disputed by the private banks.

At first sight this whole argument may seem a technical one. But it is more than that, for several reasons. First and foremost, it is indicative of the extent to which the savings and private banks are now in competition with each other—a far cry from a decade ago. Secondly, the public nature of the debate shows the importance both sides attach to the question as possibly crucial for their further development. And thirdly, the private banks are on a good public wicket when they announce that unjustified banking privileges are depriving the exchequer of DM1,000m. a year.

Business trebled

The present situation, variously described as one of consolidation, rationalisation, or even cut-throat competition, is the result of the rapid growth experienced by almost every branch of banking in the last ten years. Between the end of 1960 and December, 1970, the banks' volume of business more than doubled, to DM240,000m. In comparison, the gross national product grew by only just over 100 per cent. The share of their total business building associations (*Bauspar- kassen*) and insurance com- panies did best, more than quadrupling their total liabilities, partly thanks to Govern- ment promotion of savings. As a whole the savings banks did better than the "commercial" (or private) banks, increas- ing their share of the bank- ing system's volume of busi-

ness from 35.7 per cent to 38.3 per cent, against the private banks' increase from 24.4 per cent to 24.8 per cent. Behind these statistics lie the following facts: the "big three" commercial banks were re- formed after the post-war years of fractionalisation only in 1957. In the same year the obligation to get Government permission before opening a new branch was abolished. This move opened the way to growing competition. Then, two years later, the big banks began to introduce small credits, bring- ing them into the reach of the man in the street for the first time.

By the early 1960s the big banks were beginning to depart from their traditional image of servants to business. This pro- cess continued throughout the decade, so that by the end of last year there were 41,000 bank branches in the country, compared with 30,000 in 1960. A particular milestone along the way was the creation of "people's shares" (*Volksaktien*) in the previously nationalised Volkswagen, VEB and Preuss- ag concerns between 1959 and 1964. At least one of the big banks' dates sizeable public interest in the stock market from that time (albeit on a smaller scale than in Britain).

One illustration of the big banks' development of a "uni- versal" service to industry and individual alike is the fact that between 1962 and 1970 the share of their total business volume taken by medium and long-term lending rose from under 20 per cent to almost a quarter. Their short-term lend- ing accounted for just under 30 per cent, a fall of almost 10 percentage points on 1962. The ratio will probably shift further towards long-term lend- ing in the coming years as a result of the banks' decision to

intensify activity through their mortgage bank subsidiaries.

The convergence of the tradi- tionally exclusive provinces of the savings and the commercial banks has not been a one-sided affair, however. The character of the savings banks has also been changing, largely through the medium of the Girozentra- len. As before, there is hardly any competition between savings banks, for their geographical activity is still limited to avoid overlapping—with the exception of Frankfurt and Hamburg, where for historical reasons there are two strong organisa- tions apiece. But the Girozentra- len have been expanding fast, especially since the mid-1960s.

Most of the running has been made by the Westdeutsche Landesbank Girozentrale, which was given a head start by its position in the centre of Ger- many's main industrial area.

Since January, 1968, it has pub- lished a larger balance sheet total than the Deutsche Bank, the largest in the private sector (although it will again fall back this year when the Deutsche consolidates more of its mort- gage bank holdings).

The emergence into the "uni- versal bank" bracket of the savings banks is illustrated by the following excerpt from a recent Bundesbank report: "The commercial banks' share of aggregate bank investments in securities declined from over 30 per cent at end-1960 to 24 per cent at end-1970. Of the banks' total stock of foreign securities, the nine-tenths of which had been held by the commercial banks, big banks alone, little more than 50 per cent, was in their hands at end-1970; by contrast, the central Giro institutions, which in 1967 had not even owned 5 per cent of the banks' total portfolio of foreign securi- ties, increased their share to some 20 per cent, placed on Germany's tight labour market makes it impossible to find adequate staff. The immediate consequences of this situation are not difficult to see. Competition will in- crease still further, and the added effects of inflation will not be offset simply by increas- ing computerisation. Both at home and abroad the private banks and the savings institu- tions will have to expand their range of services still further and work in tandem, rather than on their own. This trend is already under

Present campaign

The Westdeutsche Landes- bank really put itself on the international map in 1969, when it first gave credit and then raised a loan for the World Bank. Then, at the end of the year, it made its mark on the headlines of the domestic Press when it bought from VEB a 25 per cent, plus stake in Preussag. The aggressive success of the Westdeutsche Landesbank has

been one of the major causes of way. At home, the big three commercial banks have re- organised their mortgage bank holdings among themselves so that each has majority con- trol over a group of such institutions. Some of the private bankers, such as Münch- meyer, Schroeder and Trinkaus, have merged with houses similar to themselves, or ere considering doing so, while others have conceded part of their sole ownership to out- siders—the best example of this is Joh. Berenberg, Gossler.

Meanwhile the savings banks are working together more closely than before, giving an extra boost to the Girozentra- len. Up to now there has seemed little room for mergers, although such a step is under discussion between the two main Hamburg Sparkassen. More notable is that one of them, the Hamburger Sparkasse von 1827, recently took a limited stake of about 10 per cent in the Sloman merchant bank. Some bankers see this sort of arrangement gaining popularity in the coming years, as mer- chant banks look for more long- term capital and savings banks need to improve their securities and foreign market expertise.

Abroad the die is already cast. The three big commercial banks and the Westdeutsche Landes- bank have each joined an inter- national banking group in recent years, and while the extent of their co-operation is still strictly limited—with the possible ex- ception of the Commerzbank's exclusive "quasi-merger" with Credit Lyonnais and Banco di

New fields

As for expanding their range of services, German banks are already looking for new fields. Here the division between domestic and foreign will ap- pear less than in the past, partic- ularly when Britain, Denmark and Norway are full members of the Common Market. Most of the banks are busy expan- ing their international cred- it departments, and are look- ing for business prospects in such countries as Australia, Canada, as well as Germany's traditional trading partner, the U.S. and Japan. The un- trust business is receiving a full share of attention, with property funds the latest ar- ea of activity and co-operat- ing with building associations po- sibly the next. At least one major bank is taking a more futuristic line, looking at the possibilities of entering travel and computer-leas- ing trades. Soon even the phra- department store banking will be out of date.

Education—(Cont'd.)

Continued from previous page
reform is questionable. In fact after the second world war the universities received very few commissions for large research projects. Their resources were not up to the financial and per- sonnel costs involved in advanced research work, for example in nuclear fusion (or in another more practical dis- cipline, reactor technology) or data processing. The State simply did not provide enough money.

The real centres of West German research have become the development divisions of the large industrial companies, such as Bayer or BASF, the ten advanced research centres (with a budget in 1971 of around DM700m.), and the 52 Max Planck institutes for the promotion of science, whose 1971 budget is DM460m. These institutes are State-financed, but are independent in their research planning.

Pure science

The German universities, con- ceived in the 19th-century by the Prussian scholar, Wilhelm von Humboldt, as places of pure science, where students and pro- fessors might learn and research side by side, have turned more and more into places which provide the qualifications to enter the professions. At present more than 350,000 students are at university for this reason. Every year the universities pass out some 6,000 medical students, 2,200 science students, 4,800 student technologists, 3,500 law students and 4,500 economics students. In addition, some 4,400 students pass out from the teachers' training institutes, from which primary and lower school teachers receive their qualifications. (Future grammar school teachers must go to Uni- versity proper.)

However, impressive these figures may sound, West Germany is far from producing an educated proletariat. Almost no university graduates are un- employed. According to Common Market statistics for the mid-1960s, the ratio of scientists to every 10,000 of the population was 25 in the U.S., 22 in Sweden but in West Germany only six. The country's schools alone are short of 170,000 teachers. In spite of the obvious lack of gradu- ates, entry restrictions to the universities are still being enforced. And, compared to all other large industrial nations, West Germany still spends only a fraction (11.3 per cent.) of its total budget on schools and education. Japan, by contrast, spends 31.8 per cent, the U.S. 22.3 per cent, and Britain 18.4 per cent.

Thus, for some years now it has been common to speak of the "educational catastrophe," or at least they have adopted the term, which seems both catch- ing and modern.

privilege of a social elite. In Humboldt's time the univer- sities were instructed to shut themselves off from any idea of "usefulness." Humboldt's part- ner, Johann Christian Reil, would have liked nothing better than to reject every student who was not interested in science for its own sake but instead because it "helps to build houses, plant the fields or promote trade."

The universities are still suffer- ing from this remoteness from practical application to- day. Future grammar school teachers are taught old Ger- manic languages, but nothing about modern methods of teach- ing; medical students are trained in the lecture halls, but experience at the sick bed is still a thing of the future. Law students would hardly graduate at all if they did not resort to cramming outside the univer- sity. Considering the antiquated and haphazard courses, it is not surprising that most students take five, six or even seven years to pass out.

The responsibility for this wretched situation lies mainly with those who now deplore university reform—the pro- fessors. During the past 20 years, when they were still in a position to take their own decisions, they missed the chance to adapt the universities to the needs of a modern, demanding, democratic society. New teaching methods—for instance, through language laboratories or work in small discussion groups—were hardly tested. Even to-day professors break off their lectures out- raged if students dare to interrupt with questions, and a project like the British Open University is still not feasible.

There is other and more telling evidence of the univer- sities' remoteness from modern society. The small number of students from working class homes is of some social signifi- cance in that it comprises only 6 per cent of the total student population. In East Germany the figure is about one-third, in Sweden 10 per cent, and in Britain 25 per cent.

New "model"

To overcome the traditional university elitism, education specialists, including some politicians, have developed a new university "model" which has no international precedents: the comprehensive university. The originators, the former West Berlin Senator for Educa- tion, Carl-Heinz Evers, and the Heidelberg biologist, Dr. Ernst von Weizsäcker, are both mem- bers of the SPD. Their ideas have been adopted by the party as a whole and by Bonn's inde- pendent Minister for Science and Education, Dr. Leussink—or at least they have adopted the term, which seems both catch- ing and modern.

The theory goes that students should be allowed to attend comprehensive universities with qualifications much less strict than they need to-day (in the 1980s it could be about 25 per cent of any one age group). There would be no distinctions in status between universities, teacher training institutes and universities of technology. Fur- ther advantages of the new model are seen in a range of courses which would suit the practically inclined student as well as the academic, the choice to combine different subjects and a variety of graduation pro- cedures which would enable each student to leave university with a degree corresponding to his individual inclinations and interests.

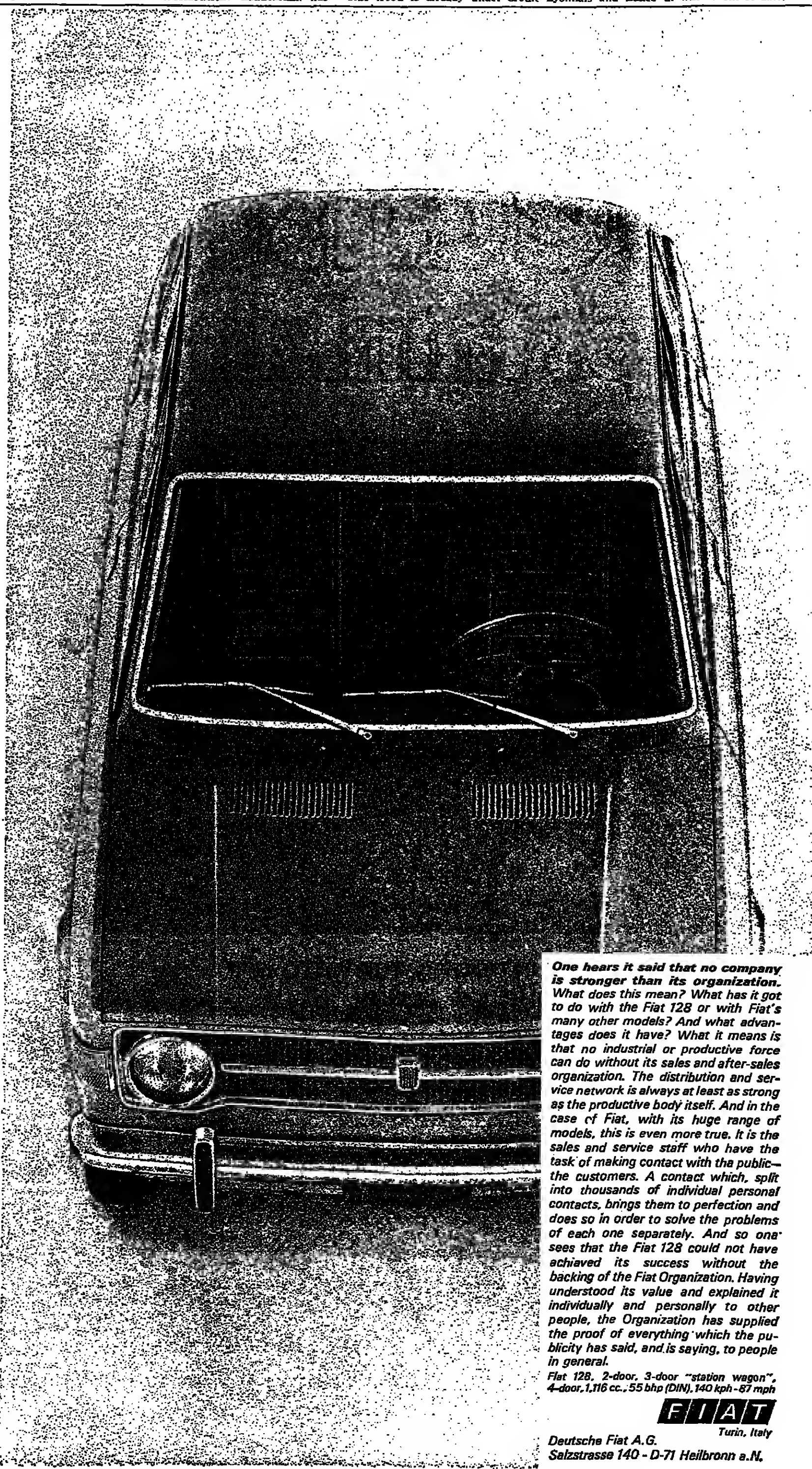
Some retreat

There has already been a certain retreat from this ideal concept. Organisational prob- lems apart, there was the question of finding the money to pay for it. It is now being accepted with resignation that lack of funds will also lead to compromises in both quality and quantity in future. Having been neglected for so long, West German education policy cannot be corrected in the space of a few years, despite the fact that its share of the 1972 Federal budget will be up by nearly 30 per cent.

The rejection of the ideal and acceptance of financial realities are documented in a book shortly to be published, for which Dr. Klaus von Dohnanyi, State Secretary at the Science and Education Ministry, is largely responsible. Dr. von Dohnanyi says openly here what many politicians will admit only in private: entrance restrictions to the universities will hardly be abolished in future, and among the 25 per cent of school children who go on to places of higher education those who go to university will be admitted by a process of selection based on examinations. Furthermore, it will continue to be necessary to direct the choice of studies and professional courses according to social needs—thus restricting unlimited academic freedom.

Herr von Dohnanyi's concept is influenced by the educational aims which are being gradually accepted in all highly indus- trialised countries: strict recog- nition of the principle of achievement, selection at all levels of the educational system and increased planification.

The original idea of the re- formers—to decrease selection, relieve the pressures and intro- duce instead more opportunities for individual development—has thus become Utopia. In educa- tion, in fact, the West German Government no longer has any special plans of its own: it is trying, simply and helter-skelter, to catch up with what others have long since started.



One hears it said that no company is stronger than its organization. What does this mean? What has it got to do with the Fiat 128 or with Fiat's many other models? And what advantages does it have? What it means is that no industrial or productive force can do without its sales and after-sales organization. The distribution and service network is always at least as strong as the productive body itself. And in the case of Fiat, with its huge range of models, this is even more true. It is the sales and service staff who have the task of making contact with the public—the customers. A contact which, split into thousands of individual personal contacts, brings them to perfection and does so in order to solve the problems of each one separately. And so one sees that the Fiat 128 could not have achieved its success without the backing of the Fiat Organization. Having understood its value and explained it individually and personally to other people, the Organization has supplied the proof of everything which the public has said, and is saying, to people in general.

Fiat 128, 2-door, 3-door "station wagon", 4-door, 1.16 cc., 55 bhp (DIN), 140 km/h - 87 mph

FIAT
Turin, Italy

Deutsche Fiat A.G.
Selzstrasse 140 - D-71 Heilbronn a.N.

A preference for investing at home

By W. L. LUETKENS

Cartoonists in Germany love to portray their countrymen in the guise of a man in tattered nightcap, the relic of the sleepy, pre-industrial Germany that was. As often as not the little chap seems to be defending his worldly goods from predatory strangers.

The outside world is more likely to think of post-war Germany as a Wagnerian dragon, crouching on a great pile of glittering gold and not-so-glittering dollars. Both stereotypes are entirely compatible with the reality of a Germany that has been extremely reluctant to embark upon the adventure of capital exports.

The reasons for this reluctance are partly psychological: the loss of Germany's external assets after two world wars had a traumatic effect not yet overcome; but there also are economic reasons. More than 30 years after the beginning of the Wirtschaftswunder the country still has a great need for investment at home in housing, infrastructure and also

in industry. Combine that with a conviction, soundly based until quite recently, that Germany is a country of less inflation than most of its neighbours and competitors, and you have a perfectly cogent reason why on the whole Germans would rather invest their money at home.

Special factors

On a number of occasions in recent years it looked as though the pattern might be changing. Special factors united with a possible longer term trend to make 1969 the annus mirabilis of German capital exports. During that year private long term capital invested abroad increased by DM21,900m. The figure represents the increase of such investment less disinvestment, not the balance of German investment abroad less foreign investment in Germany during the year. That was too good to last. The figure for 1970 was DM7,900m., that for the first seven months of 1971

DM1,500m. (The figures are given in D-Marks to ensure continuity. At the beginning of the period in question, the exchange rate was DM9.54 to the £, which changed to DM3.78 in September 1969, and since May 1971 has been floating near the DM3.45 level.)

The decline after 1969 was confined to portfolio investment and the related field of credits and loans, as shown in the Bundesbank statistics. Direct investment abroad continued its steady if unspectacular progress from DM1,600m. in 1968 (the first year in which German direct investment abroad surpassed direct foreign investment within Germany), to DM2,500m. in 1970.

Reasons for this increase of private direct investment abroad are not far to seek: the under-employment, not the balance of German investment abroad less foreign investment in Germany during the year. That was too good to last. The figure for 1970 was DM7,900m., that for the first seven months of 1971

there have been two crucial changes in the last year or so: German investors have largely lost interest in DM-denominated bonds of foreign borrowers; and they were deeply embroiled in the crisis of confidence surrounding international mutual funds. Since May, 1970, the Germans have been net sellers of units issued by unit trusts based outside Germany. Yet in 1969, the peak year, they had spent DM2,100m. on foreign units. In the aftermath of last year's débâcle, the Government drastically tightened the control exercised over foreign unit trusts operating within Germany to a point where many consider the restrictions to be prohibitive.

Value reduced

Germans have, of course, had another reason for shunning foreign securities. The D-Mark revaluation of September 1969 which reduced the value of the U.S. dollar in Germany from DM4.00 to DM3.66, and the floating of the D-Mark which pushed

the dollar below DM3.35 have not made for confidence in foreign investment outlets. Very roughly speaking, a German holding U.S. equities could account himself lucky if his losses on the parity roundabouts had been made up on the Wall Street swings.

These are considerations that have not applied to D-Mark-denominated bonds. Yet the flotation of loans on behalf of foreign borrowers has also suffered a severe setback since 1969. Gross sales of these bonds slumped sharply from DM6,600m. in that year to DM2,700m. in 1970. This year there has been a partial recovery, but the gross figures are a bit deceptive since they tell us nothing about the ultimate destination of the bonds. Where it is in a foreign portfolio there has been no capital export; instead one has to speak of transit trade in capital.

The denomination of bonds in D-Marks has for long had a dual purpose: to assure the German

investor that he will not be out of pocket if the D-Mark appreciates; and at the same time to tempt investors elsewhere with the prospect of such an appreciation. One man's caution is another man's speculation.

Even in 1968-69 perhaps one-third of the aggregate amount raised by DM-denominated foreign bonds was transit capital. Now that the market has turned round there is reason to think that some issues have finished up almost entirely in foreign portfolios. The Bundesbank has in fact calculated that taking into account not only new issues but also the secondary market, Germans actually have been net sellers of DM-denominated foreign bonds from February onwards. The extent of this outflow from February to July was DM660m.

Two reasons explain the outflow: until the floating of the D-Mark foreign investors were eager for DM bonds in anticipation of a revaluation; moreover, since about March, the yield of foreign bonds to a German investor has fallen below what he can obtain from German borrowers. On the other hand, German domestic bonds are of little interest to a foreign lender, since their interest is subjected to a withholding tax. This tax is not levied at all from German investors (though the interest that they receive is of course assessed for income tax).

In the present situation, the DM-denominated bond has two attractions: German interest rates are likely to fall in the foreseeable future, boding on the prospect of a capital gain to be made; and the possibility still exists of a further apprecia-

tion of the external value of the D-Mark. However, the German authorities have made it clear that they do not wish the D-Mark to rise much above its present level. In the interests of German exports they are

that could lead to a partial repetition of the pattern of 1967-69, when pressure to do something with accumulating private savings caused the powerful German savings bank organisation (accounting for roughly a third of the deposits lodged with the German banking system) to become very active indeed in the foreign loans business. On the other side of the ledger it seems improbable that, after recent sharp rises of industrial cost and in the face of U.S. protectionism, Germany can continue to be a perpetual candidate for revaluation.

In any case, neither the German banks nor the authorities are inclined to let the Euro-DM business get out of hand. They want to be sure that capital is not exported to the detriment of needs at home, and the example of the dollar, or rather the Euro-dollar, makes them afraid to give foreigners too much influence on their monetary policy. Nobody in Germany wants to emulate the American experience with the Euro-dollar on however small a scale.

The likelihood therefore of continued foreign interest and a return of German investors will bring about a revival of the market for DM-denominated foreign bonds; but loans, the savings ratio remains high—above 13 per cent. of disposable incomes—yet for

tion of its heyday.



How the Germans see themselves in a dangerous world.

more likely to hope for a slight drop in the exchange rate.

The danger of that happening is not at the moment very great. German business with transit capital therefore looks like being good for the time being. At the same time there are good auguries for a revival of German interest in foreign denominated foreign bonds; but loans, the savings ratio remains high—above 13 per cent. of disposable incomes—yet for

Brinkmanship without strikes

By FRANCIS KENNY, Trade Union Adviser to the German Federation of Salaried Employees (DAG)

Up to 1933 there were four German Civil Service Federation groupings, or trends, on varying ideological and denominational bases within the German Employees' Federation (DAG) trade union movement—the "Free" trade unions (5.18m. members), closely associated with the Social Democratic Party, the "Christian" trade unions (1.38m.), the so-called "Liberal" trade unions (538,000), and an anti-socialist "Peace in Industry" movement, as well as a number of non-affiliated unions, largely professional. The total number of unions was about 180. Faced by the menace of National Socialism, an attempt was made in April, 1933, to reach a working agreement between the three main bodies. It came too late, and Hitler destroyed them all in May that year.

Having learned the bitter lesson of disunity and been given the glorious chance of a completely new start, the movement was revived after 1945 was founded on the basis of party political neutral, non-denominational, independent and autonomous industrial unions. The main national centre, the German Trade Union Federation (DGB), embraces 16 affiliated unions, each catering for a complete industry or sector of the economy or administration, and which between them aim at organising every wage and salary earner in the Federal Republic without regard to grade, profession or occupation. Total membership at the end of 1970 was 6,712,547, the largest union—incidentally the largest in the Western world—being IG Metall with 2.4m. members covering metal manufacture, mechanical engineering, instrument engineering, electrical engineering, shipbuilding and marine engineering, vehicles and all other metal goods and even diamond cutting.

German employers in any one sector are called on to deal with only a single union covering a whole industry, with a co-ordinated policy and a disciplined membership within the framework of a body of legislation which in the Federal Republic at any rate, has gained universal acceptance and has operated generally to the advantage and satisfaction of both sides of industry (though both sides may well desire changes and improvements in some of its aspects). Again, these single unions, while autonomous in their terms and conditions of policy, are organised within a powerful federation, ensuring a very large measure of agreement on general policy. Despite organisational rivalry with the other two federations, on overall policy there is little disagreement.

One major advantage, and a significant characteristic of the German industrial union structure, is the absence of rivalry between the three federations. Continued on next page.

Public services The second largest union, with 977,000 members, covers the whole of the public services, communications and transport, including sea transport, inshore and deep sea fishing, but not railways, postal services and educational services, each of which is catered for by a single union within the Federation. Similarly there is for all practical purposes only one union in the printing and paper industry. Outside the Federation, and in competition with it, each in its own field, are two important groupings based on the principle of professional, as opposed to industrial, unionism: the

INWIKO Sales Agent for all branches and sizes of industrial firms—Your wishes to acquire a German firm, industrial real estates, etc. will be handled in strictest confidence.

INTERNATIONALES WIRTSCHAFTS-KONTOR Frankfurt/Main, Rossegerstr. 4

Hoechst keeps thinking ahead



Protecting tomorrow's children today

Our children will not know of many of the health problems of the present generation. Throughout the world, scientists are engaged in a constant search for safer and more effective pharmaceutical and therapeutic agents. Much research is devoted to preparations that will prevent disease rather than treat established illness. In the important field of preventive medicine, Hoechst is making a vital contribution through its subsidiary Behringwerke in Marburg. The foundation for this work was laid by Emil von Behring with the discovery of prophylactic immunization against diphtheria. Today, Behringwerke is developing and producing an extensive range of sera for therapy and vaccines for prevention.

Ahead through systems thinking
DPT adsorbed vaccine for active

immunization against diphtheria, pertussis and tetanus, Quinto-Virelon additionally against measles and poliomyelitis, Partigen and Tripartigen immunodiffusion plates for improved diagnostic techniques—the result of Hoechst know-how and experience in many fields: In planned medical research, in pharmacology, pathology, chemistry, biochemistry, microbiology; in close collaboration in these fields and integration of the work.

Systems thinking is the Hoechst strategy. Research, development and product experience in many areas are concentrated on the solution of specific problems. Interdisciplinary thinking, systems analysis and systems technique to bring success. To keep thinking ahead—to solve

the problems of today and tomorrow—Hoechst employs 10,300 people in research and development with a research investment this year of more than £60 million.

Hoechst in Britain

Hoechst UK Ltd is an independent company within the international Hoechst group. Its British staff know their country, its problems, its people; and they realise where Hoechst know-how can inject into Britain's economy the experience gained by the parent company during more than a century in chemistry. In pharmaceuticals, for example, where Lasix—the modern diuretic—has revolutionised therapy for both man and animal. In veterinary medicine, where the traditions of Behringwerke are being carried forward by the research workers of International Serum Laboratories, part of Hoechst UK, who are engaged in the development and manufacture of bacterial vaccines and sera for farm animals, products exported to many parts of the world. In the textile industry, where Trevira polyester fibre has brought an entirely new concept to fashion. And where membrane structures from Trevira high tenacity fabric have at long last rendered outdoor events independent of the weather. Or in dyestuffs where experiments are proceeding to make the grass look greener in football stadiums and other sports arenas. Whether your problems are in plastics or paint raw materials, in dyestuffs or pigments, in fibres or pharmaceuticals, in agro-chemicals or films, Hoechst UK can help you promptly and efficiently.



HOECHST

Hoechst UK Ltd
Hoechst House, Salisbury Road,
Hounslow, Middlesex
01-570 7712

WEST GERMANY IX

Stock market prices are again depressed

By HELMUT SCHLEMBACH, Manager, IVERA International Portfolio Management I. D. Herstatt

The significance of the West German share market to the international securities business has steadily increased in the last few years. Investment in German shares has asserted itself more and more as a real alternative for foreign investors, both professional and institutional, at least in so far as their freedom of decision in the investment field is not limited by restrictions and regulation procedures in their own countries. The German stock exchange does not, of course, measure up to the importance of those in London or New York, but on the continent it belongs to the large, well organised investment capital markets with strong trading figures.

Broker firms

The organisation of stock market transactions nevertheless differs considerably from the system in Britain. First of all, transactions for private and institutional investors are effected through the banks (including savings banks incorporated under public law). There are no specific broker firms dealing only with securities transactions. As the banks carry out stock exchange transactions (including safe-keeping), accept deposits, undertake all kinds of credit financing for private and commercial clients and conduct underwriting business, they are usually described as "all-purpose banks". This traditional system has been the object of much criticism both at home and abroad, but there is more to be said for its maintenance than for its removal. In the experience of other countries, the separation of the banking and securities business has not automatically achieved more for the protection of the investor, or for the "ability" of the capital market to function.

On the other hand, it has not been much noticed that in the last five years there has been a succession of provisions, laws

and voluntary regulations—for the protection of the investor. Among the most important are reform of the law on *Aktiengesellschaften* (limited companies), which has resulted in increased publicity and in the detailed presentation of the profit situation in annual company reports. The 50 largest German companies have also voluntarily undertaken to provide short term reports in the form of quarterly or half-yearly statements.

For their part, the banks have voluntarily undertaken to transact customers' orders through the stock exchange (that is, not to "cross" internally without the consent of the customer). Banks and industrial companies have also voluntarily agreed to make no use of "insider information" to the disadvantage of the investing public. In the field of investment funds, there have been new and more severe regulations for the protection of the investor as regards distribution and advertising. New guidelines based on the requirements of coming developments in the Common Market regarding admission and prospectuses for those securities which are to be admitted to dealings on European stock exchanges are in preparation.

The main stock exchanges are in the banking centres of Frankfurt and Düsseldorf. Frankfurt is of greater importance for the transacting of foreign business, but Düsseldorf—as the capital of North Rhine Westphalia—has strong support in its own area, which comprises around one-third of the West German population. Hamburg and Munich are also primarily of importance for the domestic market, whereas the importance of the stock exchanges in Berlin, Bremen, Hanover and Stuttgart is purely local.

Official dealings

Official stock exchange dealings take place daily between 11.30 a.m. and 1.30 p.m. On the stock exchange a distinction is made between the so-called official market, which includes all of the 100 or so major shares, and the so-called free market. Admission to the official market entails considerably higher requirements on the standing, reporting and marketability of a share than in the free market. So-called inter-office dealing directly between the banks outside stock exchange hours is customary in the more important shares and for the relatively exotic shares. For one year now the quotation of German securities has been converted completely to quotation on a per share basis. On each business day the four major stock exchanges in Düsseldorf, Frankfurt, Hamburg and Munich report automatically on the market activity regarding the 40 active securities. Information regarding most of the other shares can be obtained on inquiry from an exchange dealer.

The trend on the German share market during the last five years has closely followed the cyclical development of the economy. The recovery from the mini-recession in 1965-67 almost resulted in a doubling of price, with a rise in the Herstatt

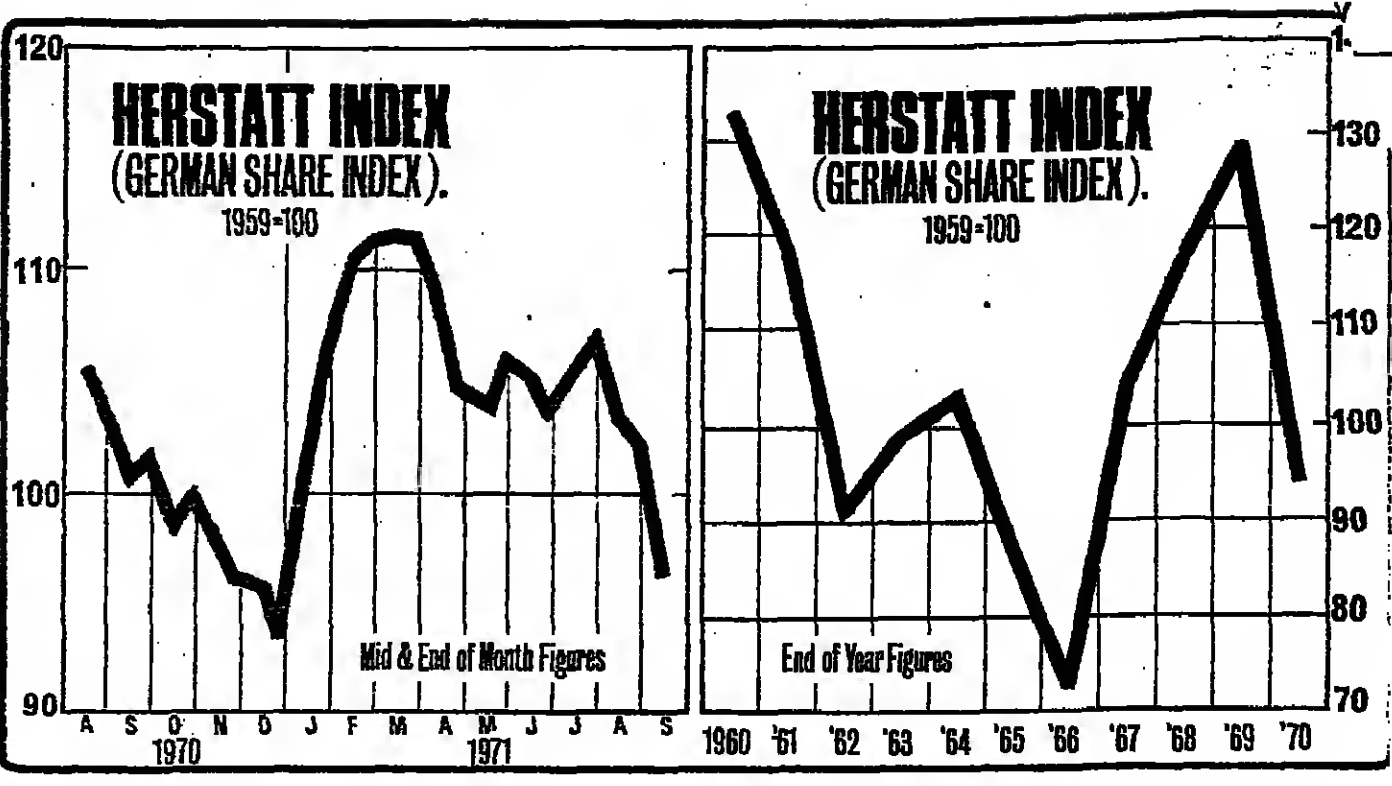
Index (1959=100) from 68 in January, 1967, to a high of 135 in November, 1968. After this cyclical peak, there was a market decline to an index level of 83 at the end of 1970, which corresponds to a fall in price of German securities of approximately 30 per cent. in little more than a year. A minor interim bull market in the first two months of 1971 was followed by falling prices between April and September. At the moment, the index is again close to the low it reached at the end of 1970.

Valuation of German shares, according to the estimates of securities analysts, corresponds to around 13 to 14 times the profit for each share for 1971; average yield is between 4 and 5 per cent. Whether they have again reached an interesting buying level depends on how you judge the future economic outlook. Corporate profits have suffered severely from the sharp rise in cost which began in the summer of 1969, and the fall in profits in industry during the last 18 months is on average 20 per cent.

Gleam of hope

There is perhaps a gleam of hope on the horizon that costs will settle down and, above all, for a lower level of wage settlements. A major test, however, will be the effects on German exports of the currency crisis, the extent of which, for the economy as a whole, cannot as yet clearly be estimated.

Yet in the longer term there are above all two reasons which can give rise to optimism: the intensified efforts of the Government to ensure the participation of broader sections of the community in the accumulation of capital, which in turn would considerably increase the demand for shares. The second, and by far the more important factor, is the boost to growth and productivity which would arise from the expansion and development of the Common Market.



Brinkmanship—(Cont'd.)

Continued from previous page

and competition between unions within the federation and, most important, the absence of restrictive work practices and demarcation disputes of the "who borers the hole?" kind which bedevil industry in Britain. In an interview with a German news magazine some time ago, a prominent British trade union leader said that the number of actual stoppages arising from such disputes was negligible. This is probably true, but it did not seem to occur to the interviewers to query the waste and inhibiting effect on economic growth resulting from the brakes on productive efficiency which arise from the daily reality of restrictive practices, since they had no experience of them.

New start

The virtual absence of industrial unrest leading to stoppages of work, of course, cannot be attributed solely to the German type of trade union organisation and the disciplined behaviour of the membership. But there can be no doubt that a very large part of the credit is due to this. As mentioned before, the movement was able to make a completely new start after 1945, drawing on the experience of the previous 12 years. The unions then found themselves faced by a devastated country, in which year net incomes

amounted to a monthly average of about DM300. They rose to DM675 in 1960 and to DM1,221 in 1970, since when there has been an average annual advance of about 8.5 per cent. Further claims are pending—in the metal-working industries, for example, of between 9 and 11 per cent. But the record of increased earnings is only part of the story. Conditions of employment have improved almost beyond recognition. The 40-hour, five-day week has become the general rule, paid holidays have been greatly extended, with a large part of the economy paying, by agreement with the unions, a holiday bonus which amounts to an extra month's wages. Inclement weather pay in the building industry has practically eliminated the impact of casual employment. Largely as a result of trade union pressure, social legislation and social security have been vastly improved.

Union control

The system known as co-determination or *Mitbestimmung* has also given the unions and the workers a considerable degree of control over large parts of the economy, largely but by no means solely, in the social and personnel fields. The compact structure of German trade unionism has led to future together."

to a position in which general policy is broadly co-ordinated in addition to their normal function in the area of term and conditions, as a unite movement they are able to exercise great influence in the socio-political field, in particular on social security. They own large insurance companies and banks. The union-owned Co-operative Housing and Housing Estate Company (Neue Heimat) has built tens of thousands of houses, and even whole districts as well as shops and commercial buildings. The unions, too, have a highly developed education and training system; I G Metal for instance, recently opened a latest ultra-modern school at a initial cost of DM45m. In short they are getting on with the job of offering their members first-class service in every field without risking serious disruption of the economy.

The unions are also order Europeans, who for many years have been pressing for British entry into the Common Market. In the past few days, in a joint appeal from the European Federation of Trade Union they have again urged the EU to join them. "We hope," said the DGB speaker, "we can succeed in convincing our friends and colleagues in Britain that it will be easier for us to master the problems of the future together."



Another case of data delay.

How many times has your data been delayed by traffic jams and other unfortunate mishaps on the public highway? Nixdorf have the answer to this problem with the 820 series—a system that is designed to work for small companies, or branches of large companies whether they require Direct Data Processing or data transmission to a

central office or computer bureau. And the beauty of the 820 system is that the same machine can operate on either of these requirements. What it all adds up to is this, Nixdorf believe in the decentralisation of computing power—and so should you. Unless of course you just want to be one of the flock.

NIXDORF COMPUTER

Nixdorf Computer Ltd., 50 Salisbury Road, Hounslow, Middlesex. 01-572 2981

decentralised computing power.

GERMANY X

Confusion over new wine laws

By EDMUND PENNING-ROWSELL

In Britain the wines of Germany are often regarded with incomprehension mixed with slight suspicion; too difficult to understand and too many altogether to trust. Throughout the world named wines are apt to induce an inferiority complex in all but sophisticated wine drinkers, and no one likes a long wine name more than the Germans. Some allege that there are 30,000 vineyard names, though only a small proportion of these are used, but Mr. Fritz Hallgarten, a keen student of the German wine scene as well as a merchant, has estimated a total of 10,000, many of which will only be known locally. This proliferation drives most of those in Britain who like German wines but cannot swallow the polysyllabic label names straight into the not unwelcome arms of Liebfraumilch and its suppliers. Generally not a bad wine, and clearly its promoters do a service to German wine exports, for there would be a lot less drunk abroad were it not for these soothing blends of medium-quality Rhine wine.

Two laws

However, just now it is not only ignorant foreigners who are bemused by the complexities of German wines; the whole German wine industry is plunged into confusion. The cause is the passing in rapid succession of two German wine laws and an over-riding European Economic Community wine regulation. This last, issued early in 1970, deals with all sorts of wine matters, including the control of planting, prices, enrichment and blending of wines, but in some respects it cuts across the first recent German wine law, passed in 1969.

To attempt to understand the situation it is necessary to go back. Until 1969 German wine production was governed by the wine law of 1930. This, in addition to a mass of technical requirements, laid down such conditions as that a white wine labelled *Naturwein* (or *Natur-*

wein) must not have anything added. On the other hand, German red wines might have 25 per cent. of a foreign wine mixed in the blend without losing their geographical ascriptions. What the 1930 law did not do was to specify minimum alcoholic strengths for higher quality wines, such as *Spätlese* and *Auslese*. These were supposed to be late-picked and "fully ripe," but otherwise were not more closely defined; the labelling decision really lay with the grower. Also it did not take into account more recent technical developments, and did not deal with the profusion of site names.

After the second world war outside pressures for more accuracy, information and stricter production conditions gradually compelled the German wine industry to consider a new law. This began to take shape in the 1950s, but such was the divergence of opinion within the trade that negotiations and drafts spread over the years, and there might not be a new German wine law still but for the development of the EEC with its plans—some might say its passion—for harmonisation and co-ordination of trade practices within the Market. Accordingly the Germans decided to settle their internal differences and put their law on the statute book before the EEC intervened. This, perhaps, was somewhat naive, for no sooner had this law been passed in 1969 than, early last year, came the over-riding EEC regulations. Many of these were only outline statements of principle and practice, but they had precedence over national laws. So the 1969 German law was partly stillborn.

As a consequence the German wine trade was as furious as basically it was helpless. It was suggested that the Market regulations were largely drawn up in the interests of the two largest producers, France and Italy; and in a reference to the activities of the agricultural lobbies at Brussels, the rather sour German joke is that while the Germans got the swine, the

French secured the wine. Not all the 1969 wine laws were incompatible with the Market regulations; indeed only a few, but the Germans had to start again, and this summer they have passed another wine law.

EEC zones

The differences are not yet easy to disentangle, for to some extent they have to be worked out in detail as they apply to the 11 main German wine districts; but one important new factor is the EEC's division of the vineyard areas of the Six into three zones. Zone A includes Luxembourg and almost all Germany save Baden and a little of the Palatinate. Zone B includes parts of this last German district, as well as Alsace, Champagne, the Jura, Savoy and part of the Loire. Zone C, subdivided into three, is the rest of the French and Italian vineyards. For each zone varying minimum natural strengths are fixed, with only 5 degrees in Zone A, and 8.5 degrees for the Mediterranean areas. Within these zones there are different permitted degrees of enrichment and blending conditions. Wines of Zones A and B may be blended together up to a proportion of 15 per cent. of one zone without the other losing its right to a territorial and vineyard ascription. Italy too can include in a blend 15 per cent. of wine from another EEC country, perhaps to provide their often rather acid-short white wines with the firmness of more northern wines. Blending with wines from outside the EEC is forbidden.

Then under EEC regulations there appear to be only two types of wine: Table Wine (*Tafelwein*)—in place of the previous *Tischwein*—and Quality Wine (*Qualitätswein*). The Germans have added a third, *Qualitätswein mit Prädikat*, which is acceptable to the EEC but largely incomprehensible to the rest of us as *Prädikat* is practically untranslatable, though roughly it means "quality with honours." Also there is a national variation over

Vineyards on the hill-sides above Kaub on the Rhine.

able wine. If all-German it must be labelled *Deutsches Tafelwein*; if containing imported wine it is plain *Tafelwein*.

Over permitted sweetening there are subtle differences between the two laws, which may yet result in greater variations in practice. Whether they will be allowed remains to be seen. A basic criticism of the EEC policy is that ideally it would like to put, as it were, all Western European wine into the same bottle at the identical strength.

Sugar content

More important now is that there is a modification in the new German conditions for allowing the labelling of the superior qualities. The latter lay down certain minima of sugar content, as measured in *Qechsle* degrees, for *Cabinet*, *Spätlese*, *Auslese*, etc. The EEC requirements may involve some reduction of levels, although this is difficult to establish yet, since they could vary from state to state. However, the consumer will be helped by definite standards. A *Cabinet* wine will have to contain at least 70 degrees, a *Spätlese* 76, *Auslese* 83 and *Trockenbeerenauslese* 150. These minima are approximate. Not less beneficial, the fancy, purely subjective growers' descriptions as *feine Spätlese* or *hochfeine Auslese* are out. So are "best casks," and possibly even cask-numbers on the label.

More to be regretted is the disappearance of *Naturwein* and *Naturwein*. Maybe the wines were not strictly natural in the sense that they often had unfettered or semi-fermented must, *Restsüsse*, and sulphur added. But it was the "improvement" of an addition of up to 25 per cent. of sugar solution that was avoided, and broadly one knew where one was with a *Naturwein*.

Anyhow, wine sweetened with sugar solution (sugar dissolved in water) is banned under the



new law, though there is a transitional period before dry sugar alone may be added, and a percentage reduced from 25 to 15 of the whole. Red wine, also following a transitional period, may also include 15 instead of 25 per cent. of imported wine without losing its geographical identity.

Much of the present confusion in German wine districts is the result of a skeleton law which has to be filled out by decisions of the State authorities in consultation with local wine interests. For example, for a period of five years local authorities can permit "super-regional blends," by which a Rheinhessen quality wine may contain up to 25 per cent. of Palatinate wine without losing its Rheinhessen label name. Yet growers in other States, including Franconia, Baden-Württemberg and particularly in the Moselle district are much opposed to admitting outside wines for blending.

Nor, it appears, is the final registering of the reduced site names yet complete. In theory no separate site name can be allowed for a vineyard of less than 5 hectares (12½ acres), but there have been arguments, notably over the famous but tiny *Bernkasteler Doktor*. As much of this wine had been quite openly mixed with such neighbouring vineyards as *Graben* and *Badstube*, and as mixed names are now prohibited, it looks like a larger *Doktor* vineyard. There are also problems of the *Grosslagen* omnibus sites names that have been used by growers within a certain area. The ten in *Nierstein* will probably be halved.

But we may hope that these questions will have been settled shortly, to the general advantage of consumers.

Also swept away under the new laws are the many different ways in which Germans delighted to describe various bottlings. There will be no more *Originalabfüllung* or *Kellerabzug*. The cumbersome terms proposed in the 1969 law have been partly modified, and

estate bottling will now be labelled *Erzeugerabfüllung*, and for merchant bottling *Aus dem Lesegut A...* (the grower), *Abfüllung B...* (the merchant). Consumers of quality wine — which, it may be noted, includes *Liebfraumilch*—must get used to seeing on the label *Qualitätswein* and *Qualitätswein* untested questions.

Decentralisation benefits music

By RONALD CRICHTON

So closely is music embedded in the fabric of German life that, however battered and weakened, it survived the Nazi period and the war. Since then, though its pre-eminence may have been challenged, sometimes from quarters where until quite recently competition would have seemed almost unthinkable, German music has put out new shoots, adapted itself to conditions with a success not always achieved by neighbouring countries, and is still so vast a structure that this short account can only deal with a few, outstanding features. Of these features, the most interesting to us are those that differ from our own more recently evolved way of running cultural affairs.

First of all, decentralisation has intensified since the war because Berlin is no longer the capital and in cultural matters Bonn could not presume to take

its place. Germany has reason to be grateful, not only to free cities like Hamburg, but to the princes, now too easily ridiculed, who started their own opera houses, and when unity came, left the country dotted with a constellation of state or city theatres for which singers and orchestras must be engaged, new operas written. At a rough count there are some 45 subsidised theatres in West Germany where opera is regularly given, and some of these have more than one auditorium. The majority serve a double purpose, since they share the building with a drama company and sometimes with ballet as well. Opera and drama go together in Germany to an extent inconceivable in Britain. There is more exchange of producers, styles of production are less distinct, audiences overlap more.

The future of opera is a burning question. Costs rise in Germany as everywhere else and there are even rumblings from the creative side. The radical ideas of Boulez (as a foreign visitor expressing his views in a German publication) attracted much attention. Henze, having established himself as the leading German opera composer since Strauss, has cooled off. Stockhausen, in this field, has never warmed up. At the last Edinburgh Festival, the production by the Deutsche Oper Berlin of Reinmann's *Melusine* was a sign that at least one composer of the middle generation has the ability and the will to write a viable modern opera.

From an older generation came (in 1965) the late Bernd Alois Zimmermann's *Die Soldaten*, which some judges consider the finest opera since Berg's *Wozzeck*. Decentralisation also affects

Continued on next page.

Frankfurter Allgemeine

ZEITUNG FÜR DEUTSCHLAND

"Zeitung für Deutschland" means "the all-Germany newspaper".

It's not a slogan, it's a description.

What it describes is in fact Germany's only truly national quality newspaper. In Germany, top management reads FAZ more than any other newspaper. FAZ carries more advertising for industrial products, consumer durables, residential and commercial property and executive recruitment than any other German newspaper. Its news coverage of national, international, financial, business and cultural affairs is unrivalled in Germany, perhaps in Europe.

Big claims? It's a big newspaper. For more information about FAZ and the German market get in touch with your advertising agency or:

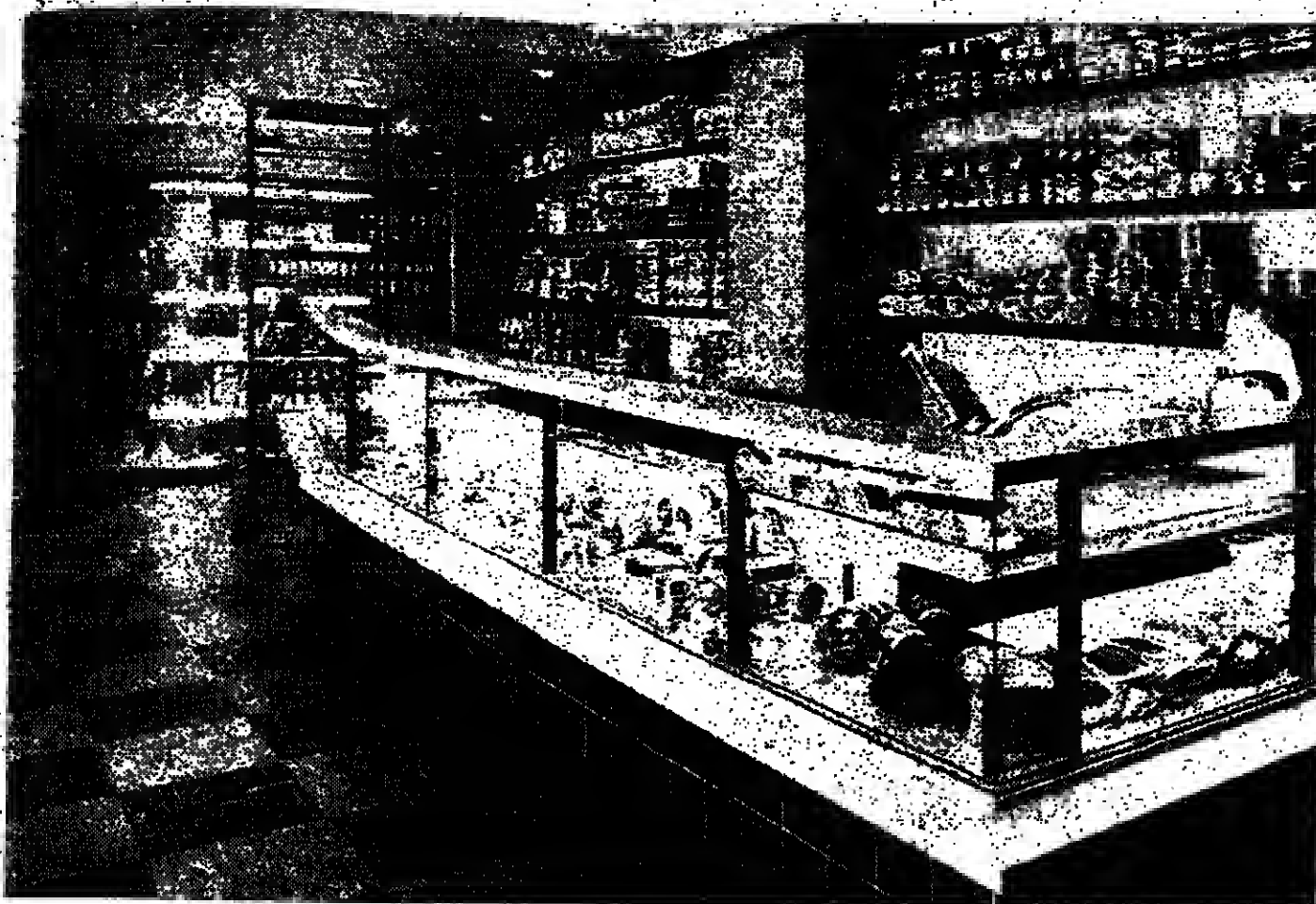
John Daniels or Vera Uhlmann, at

Frankfurter Allgemeine

ZEITUNG FÜR DEUTSCHLAND

Room 300c, Bracken House, 10 Cannon Street, London EC4P 4BY. 01-236 3716.

WEST GERMANY XI



Display of food at the German Food Centre, Knightsbridge, London.

Music—(Cont'd.)

Continued from previous page

broadcasting. There are nine West German radio stations, 11 if you count two more which do not provide television services. Several of the nine have important symphony orchestras. Some of them (for instance, Hamburg, Cologne, Baden-Baden, Munich) have performed an incalculable service to contemporary music, a service that includes the provision of electronic equipment on a scale sadly lacking in Britain. Stockhausen's career owes much to the far-sighted support of Cologne Radio. The fact that Cologne is now a magnet for young musicians outside Germany might be noted by our planners. In West Germany, as in the U.K., broadcasting can often afford a shot in the arm where one is needed (Reimann's Melusine was a South German Radio commission for a festival). It is like having several BBC music departments,

with several BBC Symphony Orchestras. These privileged organisations have used their position well. Like the BBC they have used their independence and security not merely to compete with State and municipal orchestras (more than a dozen towns without an opera house maintain an orchestra) but to do programmes of a type which the others could only occasionally risk.

Different ratio

One thing that people who have not lived in Germany (festivals do not give an accurate picture of everyday musical life) do not always notice is the different ratio between opera and orchestral concerts. Even in London opera is regarded more or less as an expensive luxury, the orchestral concert as the norm. But there, as in a few German cities with opera houses where opera performances are not more frequent than regular orchestral concerts. This means that a symphony concert, whether Berlin Philharmonic or by the medium-sized town, is more of an event than it can be in glitzy London.

In other musical matters as well basic similarities between Germany and Britain are obscured by a different ratio. Germany has its Philistines, also serious people ready to question the whole apparatus of State support for the arts, but enemies of culture and questioners are in a minority, the apparatus (not a comparative novelty, like ours, but traditional) more firmly entrenched. Sometimes one has the impression that musical life in Germany is a perpetual festival of contemporary music, but a survey for 1953-65 indicated that the most popular composers (for opera at any rate) were Verdi, then Mozart. West Germany since

the war has become musically international and open-minded. Foreign performers are welcome, not for snobbish reasons but for what they can offer. The most surprising fields are opera (once again), where the influx of singers from Britain and the U.S. is hard to explain unless German conservatoires are unable to meet the demand, and ballet. That British and American choreographers should be sought after in a country where classical dance has never taken root is understandable. What is remarkable is the late conversion of the land of Modern Dance to the classical ballet repertoire, and the emergence, especially among male dancers, of a rich fund of local dancing talent.

So far nothing has been said about that former staple glory of German musical life—chamber music. Here the picture is much the same as in England, with domestic music-making of

Reliable traditions of regional eating

By Michelin Staff

The Germans are justly proud of the good reputation of their inns and hotels. There are plenty of places of all kinds throughout the country which contrive to satisfy the German desire for comfort and the taste for a relaxed life in close contact with nature, if possible far from strict social conventions.

Whether you choose an hotel or an inn, you can safely rely on the traditions inherited from the German *Wohnkultur* being respected: handsome rooms, robust furnishings, cleanliness and care for practical details. The people on the whole are not grasping for your money. All this helps to make the guest feel at home. Moreover, even a modest holiday budget should cover a stay in an unpretentious family-owned *Gasthaus*, where the atmosphere will be both efficient and friendly.

Each *Land* has its own characteristics, and you can find typical inns and hotels almost anywhere you stop. With luck, you can stay in an old house or castle converted into a comfortable hotel, equipped with a swimming pool and sauna, and often providing a magnificent view of the German lakes and forests.

Different customs

Travel, of course, loses its interest without surprises, and the first-time visitor to Germany must beware when it comes to eating. An order for a light supper à la carte at a country inn can produce a meal of gargantuan proportions. Again, a French tourist, fresh from his experience in Bavaria, recently got an icy reception when he entered one of the best restaurants in Hamburg, and with a friendly smile sat down at a table that was already occupied. The customs differ from place to place.

To get the best out of the restaurants, one must get used to them. Some of the very big ones are a world in themselves with their many rooms, some of them immense, some small and intimate, each with a different decor. The dishes are carefully arranged and served in abundance, often with very varied "garnitures," in which the sweet and the salty are frequently combined. Meals can usually be ordered à la carte; however, you can get lunch on a set-price menu (*Gedekte*). This will usually consist of soup (probably cream of vegetable, bouillon with an egg or *leberknödel*—little liver dumplings), a main course

(meat with vegetables and various kinds of salads) and desserts.

A list of regional specialities would include the following:

BERLIN

Aal grill. Fresh eel, cooked in dill-sauce, with cucumber salad.

Weisse mit Schuss. White wheat-beer, with a "shot" of raspberry juice.

SCHLESWIG-HOLSTEIN

Aalsuppe. Thick sweet-sour soup, made of eel, pears, vegetables, bacon and spices.

Labkaus. Sailor's dish, made from beef, salt pork and salted herrings, potatoes and beetroot, and served with fried egg and cucumber.

BREMEN, OLDENBURG.

OSTFRIESLAND. Young chicken, sweetbreads, calf meat-balls, mussels and asparagus made into a stew with a thick sauce of cream, egg and butter.

Ostfriesischer Tee. Tea with sugar candy (*Kluntjes*) and cream.

WESTPHALIA. *Pfefferpotst.* Cubes of beef, cooked with peppercorns, spices and onions; sauce thickened with breadcrumbs.

LOWER SAXONY. *Braunkohl mit Bräunewurst.* Green cabbage with *Bräunewurst*, a kind of grilled sausage.

HESSE. *Apfelrol.* Dry cider (Frankfurt).

BADEN-WÜRTTEMBERG. *Spätzle.* Strip noodles made of flour and eggs.

Maultaschen. "Pasta" envelopes filled with meat, brains and spinach.

Feischen. Fish caught in Lake Constance.

FRANCONIA, LOWER BAVARIA. *Rosbraten.* Pork chops, grilled over a beechwood charcoal fire (Nuremberg, Ratisbon).

Meefischl. Small fried fish (Würzburg), caught in the Main.

UPPER BAVARIA, ALLGÄU. *Leberkäse.* Beef, pork meat and liver, minced and baked in the form of a loaf.

Leberkäs. Dumplings of minced liver, bread and onions cooked and served in soup.

Enzian. Brandy distilled from gentian roots.

RHINELAND. *Sauerbraten.* Beef, marinated in vinegar and spices, roasted and almond, and served with potato dumplings.

PALATINATE. *Schweinpfetter.* Heavily flavoured pork stew with pigs blood sauce.

Federweiss. Semi-fermented new wine accompanied by roasted chestnuts or a hot onion flan.

Although wine-growing is important, the national drink is beer, of which there are several kinds: Pils, Beck's, Export and Vollkorn. The immense beer halls of Munich should not be missed. Yet, on the other hand, if you do want to drink wine, it is worth remembering that the best German white wines gain from being drunk on the spot in the local *Weinstube* or *Tastkeller*.

We invested £3,000,000 in the future

In the chemical industry, research is more important than in almost any other. Roughly one half of total sales is of products developed in the last 10 years.

In the next 4 years the output of chemicals will double. The field of applications treble!

It's a highly competitive and productive climate and if we hadn't recognised the prime importance of research when the company reformed in 1953 (when we started to invest that £3,000,000) we'd

be nowhere in the seventies.

So where are we? Who are we?

Well, we're the company that literally hundreds of other companies involved in chemicals depend on.

For supplies. For ideas.



The chemicals you see around you are just a fraction of what's to come. The tip of the chemical iceberg.

Which, in case you hadn't guessed, is

where you come in.

Much of the growth in chemicals during the next decade will come from companies diversifying into the industry.

With more and wider fields of application the likelihood of your company being involved is greater.

So consider now with whom you'd like to be involved.

We suggest the "chemical companies' Chemical Company".

With £3,000,000 invested in your future.

BASF United Kingdom Limited
Knightsbridge House
197 Knightsbridge
London S.W.7

BASF

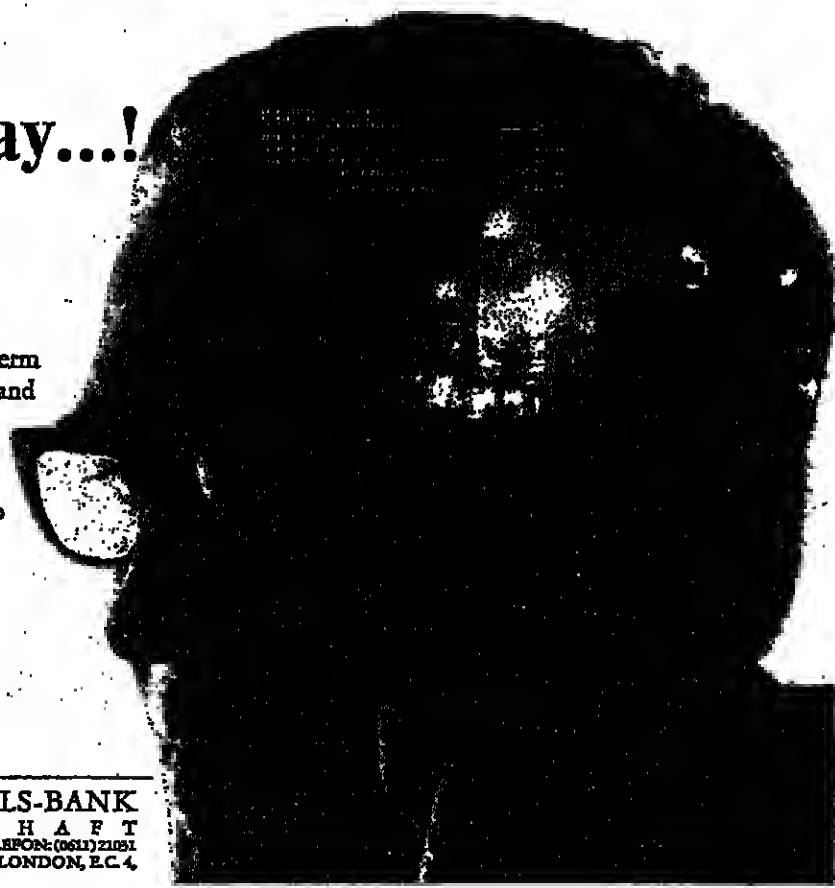
BASF—your partner for progress

finance the modern way....!

We are your reliable partner in finance. Enterprises in all branches of the economy have been our clients for many years. We deal in all fields of banking. By quick decisions we can help you with short-, medium-, and long-term credits, specializing particularly in import and export planning, investments of all kinds, development and re-organization of enterprises in industry, trade, and commerce; investment advice and portfolio administration are part of our services, as are savings accounts. An experienced special staff of advisers is at all times at your call.



INVESTITIONS- UND HANDELS-BANK
AKTIEGESSELLSCHAFT
FRANKFURT AM MAIN
U.S. REPRESENTATIVE OFFICE, 130/135 CANNON ST., LONDON, E.C.4
TEL.: 646-1797, TELEX: 887511



FRANKFURT AM MAIN

Can still offer industrial and commercial firms sites and good development prospects.

A FAVOURABLE LOCATION

makes Frankfurt am Main a strategically placed trading centre

good connections with the well-known motorway junction of Europe, the International Airport at Frankfurt; rail junctions, modern port installations, industrial areas with works' sidings, shipping and supply connections.

FOR INDUSTRY AND COMMERCE

the right place to set up a business.

Advice and information from Referat Wirtschaftsförderung
Untermainkai 13, Frankfurt am Main, West Germany.
Telephone: 2 12 36 86.

FRANKFURT AM MAIN
an economic focal point



At the cross-roads of Europe

Heads are for use!

600,000 years ago a head was just an eating machine for a hunk of meat.
60,000 years ago a head already had enough brains to light a fire to cook its hunk of meat.
And lips to smack.
60 years ago heads had a lot more brains.
And Germany had some fine heads in this direction.



The brainy heads went to Berlin where they developed the theory of relativity and discovered the quantum theory. Not bad. Then the German heads invented a state that was going to last a thousand years, but which lasted only for 12 years. 12 years too long. Today, heads need to learn from these mistakes.

We must learn how to create a new calendar — one for the future.

One, that goes with the times. One with brains.

What should it look like?

Point 1: We must all learn more. Especially our children. Point 2: We must learn how to think.

Not just see how things are, but see how they are and how they can get better.

Today out of a hundred heads only a few think.

Yours and ours, of course. In six years' time there should be ten in every hundred.

And in sixty years a hundred in every hundred.

And that takes us to point 3: Everybody should have the same chances, with efficient comprehensive schools, with teaching machines, programmed lessons, as well as — very soon — comprehensive high schools.

And where can you find all that today?

In Berlin. Yes, in Berlin.

And from now on we do not want to live from hand to mouth: but rather with our heads.

Or at least, that's what we think in Berlin.

WEST GERMANY XII

Rewards for tourist off the beaten track

By W. L. LUETKENS

Almost one tourist in ten who set out from Britain in 1970 paid a visit to West Germany. That placed Germany in fourth position of popularity behind Spain (almost one in three), France and Italy.

It is true that these statistics do not distinguish between those who merely passed through Germany on their way elsewhere, and those who made it their destination. But they do nevertheless shed a new light on the widespread belief that nobody ever goes to Germany. That idea is, in any case, a relatively recent one. The Victorians were frequent visitors to the spas along the Rhine and to the Black Forest.

Those were the days when the associations that Germany aroused were mainly with cuckoo clocks and other quaintnesses. A harsher century has changed that, but the old stereotypes die hard. The greatest windfall the German tourist industry has had in Britain for some time was the popularity there of the 1970 revival of the Oberammergau Passion Play—a product rather of a peasant society than of Western Europe's leading industrial power.

Last year British tourists spent 1.7m. bed-nights in West Germany, an increase above 1969 of almost 30 per cent. (Each night a tourist spends in paid for accommodation is recorded in the statistics as a bed-night.) Sources in the trade believe that very nearly half of the increase was accounted for by tourists on their way to Oberammergau.

Hardly fewer

Figures for 1971 do not yet exist, but there is some reason to believe that hardly fewer British tourists are going to Germany this year than last. Since Oberammergau was not on this time, the trade has every reason to feel pleased with its performance. For the time being it has to fall back on its ingenuity to ferret out other attractions which tend, incidentally, to be rooted also in the ancestral British view of Germany.

Thus one British air tour operator last year despatched 120 charter aircraft with British tourists bound for the wine harvest festivals of the Rhineland; some 2,500 British tourists were booked for this year's Oktoberfest in Munich, a giant fair and perhaps the world's biggest beer swilling session.

In the coming few years there are two events that will greatly add to the number of British tourists travelling to Germany. In 1972 Munich puts on the Olympic Games. A group of travel agents in Britain expects to be offering in mid-October a package deal including accommodation and tickets for the Games. Then, in 1974, Germany will be host to the World Cup football championship. Both events will no doubt thrill the addicts, but neither will by itself be the ideal occasion to see Germany.

Tastes differ, but a case can be made out that the best which Germany has to offer to the holidaymaker is splendid walking country (the hiking habit originated there around the turn of the century) and baroque architecture. Both can be found in abundance in Franconia and, in particular, in a quadrilateral bounded by the towns of Würzburg, Coburg, Nürnberg and Bayreuth.

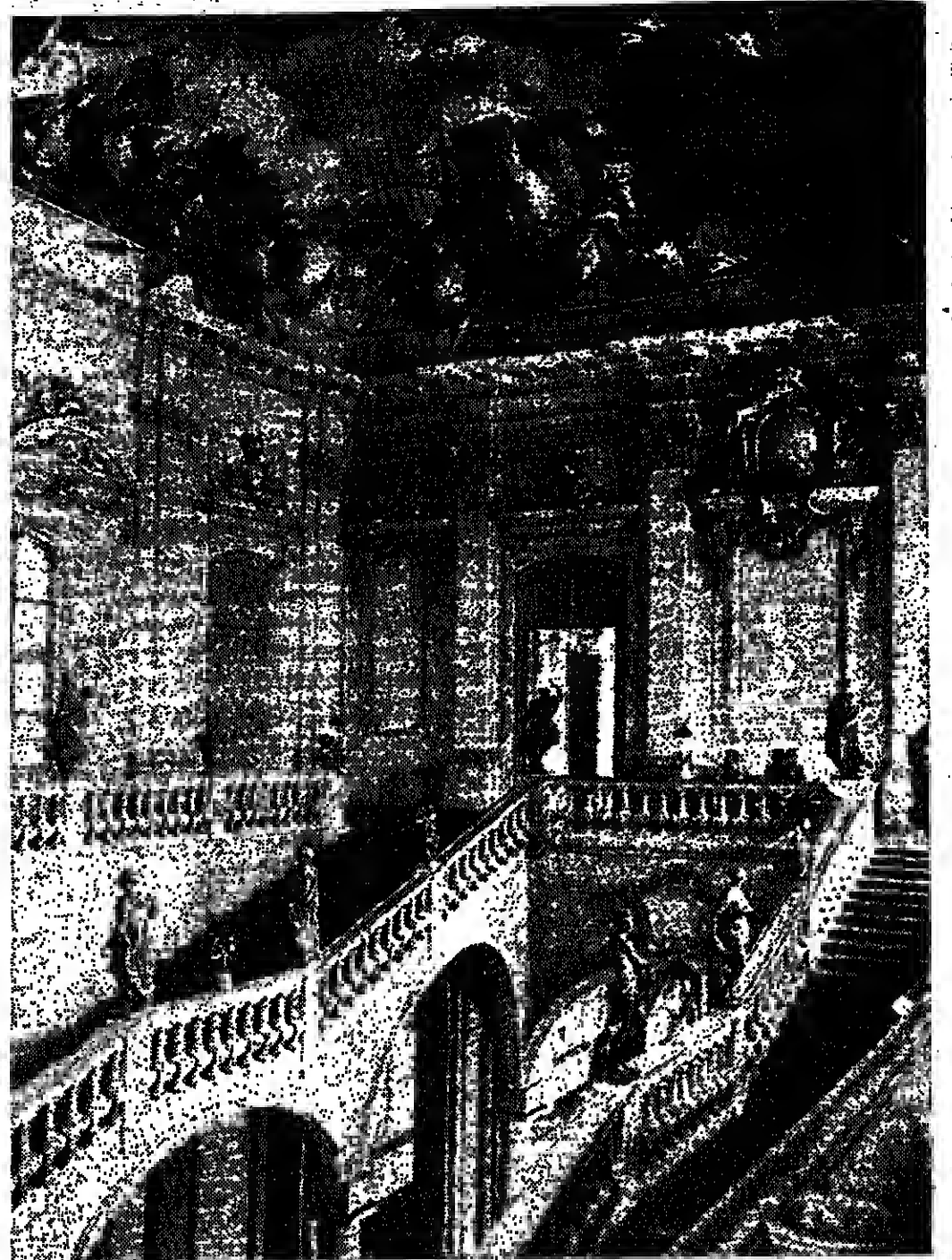
The landscape there consists of rolling hills with meadows and woods. Frequently the hills are made of sandstone of a rich, almost coppery red, found again in much of the local building. The colour scheme of a fine summer's day—red stone, dark green woods, light green meadows and a white and blue sky—has to be seen to be believed.

Some of the most celebrated buildings in Europe can be found in this region. Bayreuth is, of course, famous for its Wagner Festival. But, besides the ugly (though acoustically first-rate) Festspielhaus, the town also has an 18th-century theatre preserved in its baroque form and with its original appointments.

About 30 miles from Bayreuth there is the church of Vierzehenheiligen, the 14 Helpers in Need, who are the object of local veneration. The church is built of a honey-coloured stone on a hillside. Its quiet proportions firmly dominate the wide valley below. But within, all is riotous as they are the cupids, and saints lead each other a dance around the cornices, arches and columns. The altar is housed within a tabernacle shaped like a sedan chair ready to be carried off to a perfumed heaven.

South German baroque is not everyone's taste. Of the skill of the architects—men like Balthasar Neumann and the brothers Asam—and of the cunning of the craftsmen there is no doubt. But at times they do make the business of church and government, carried on beneath their stucco ceilings, appear like one unending drama—impressive, but bombastic.

All the greater, therefore, is the effect where the exuberance of the gilt and fleshy-pink



Würzburg Residenz: The Archbishop's stairs to a sumptuous heaven.

baroque has been restrained into more classic proportions. For that there is no finer example than Neumann's great staircase in the Residenz, the palace of the Archbishops of Würzburg. The staircase and above it, the ceiling painted by Tiepolo, may be among the finest of their kind in the world.

Both combine the dignity of pure proportion and composition with a playful symbolism, that seems to unite the Archbishop's court with heaven as Tiepolo's figures spill over the edges of the fresco on to the cornice of Neumann's walls.

Less developed

Fortunately for visitors from abroad, Franconia is among the economically less developed parts of the Federal Republic so that anyone prepared to stay in simple (though perfectly clean) inns off the main highways will be surprised to find how cheap accommodation and food can be in a country that, in general, has become distinctly pricey for visitors from Britain.

The secret tip is to get away from the main roads and to look for an inn with a sign such as "Eigene Metzgerei," meaning that the innkeeper doubles as village butcher. It is also well to remember that Germany is a country of respectable *cuisine bourgeoise*, but of indifferent *haute cuisine*. Pork chop is likely to be a better bet than *tournedos Rossini*.

Another region where the walking is good and where the *Wirtschaftswunder* has never really taken, is the Eifel, east of Bonn, provided you don't get too close to the West German out their English on him.

capital. There, too, are rolling hills, good for the hiker, but provided also with reasonable to good secondary roads. The Eifel is especially known for its extinct volcanoes that have filled up with water, making them into small lakes of melancholy aspect.

The Eifel is within easy reach of the vineyards of the Moselle, but also of Cologne with a collection of churches that are about 1,000 years old. For anyone who loves the ruined mediaeval abbeys of Yorkshire, the abbey of Altenberg, near Cologne, is a must. It shows what a preserved Cistercian church looks like in the midst of a wooded landscape.

It is a point of special interest to the economy-minded that West Germany is the country where the youth hostelling movement originated before World War I. By the end of 1969, 69,000 beds were available in youth hostels compared with 19,000 in Britain. In fact none of the countries of the OECD, which so painstakingly collects tourist statistics, had remotely as much space available in youth hostels as did West Germany.

The clientele there is pretty international, so that the warden should as a rule be capable of coping with English-speakers. But in any case, anyone thinking of trying Germany off the beaten track and away from the tied-up package might take courage from the usual observation that Germans as individuals (whatever their reputation in the mass) are definitely xenophile: eager to help a stranger and to try too close to the West German out their English on him.



Open air cafes and picturesque houses abound in Oberammergau, Bavaria.

**IN THE CITY
OF
PIRMASENS
(RHINE PALATINATE)**

**FOR IMMEDIATE SALE
LARGE INDUSTRIAL SITE**

Suitable for Redevelopment

123,792 sq. metres (approx. 50.68 acres)

LABOUR EASILY AVAILABLE

2,500,000 marks (approx. £296,000)

Write Box B.6003,
Financial Times, 10, Cannon Street, EC4P 4BY

COMPANY NEWS+COMMENT

T. W. Ward expansion—pays 2½% more

WITH PROFITS showing a substantial increase for the year to June 30, 1971, T. W. Ward is lifting its dividend from 15 per cent to 17½ per cent, with a final of 12½ per cent.

External turnover of this engineering scrap and cement group expanded by some 18 per cent to £77.5m, and profit before loan stock interest and tax advanced from £3.38m to £4.3m.

At half way the profit came to £1.3m, and the directors looked for at least that amount in the second half.

Trading profit increase arose from iron and steel, £10,000, engineering £260,000, cement and quarries £285,000 and miscellaneous £31,000.

1970-71 1969-70

Turnover	77,500	65,600
Profit before tax	4,300	3,380
Profit after tax	3,200	2,500
Dividend	2,500	2,000
Reserves	1,700	1,500
Assets	10,000	9,000
Liabilities	8,000	7,500
Equity	2,000	1,500

Netton Portland Cement, which is controlled by Ward, is also raising its dividend. A final of 12½ per cent makes 20 per cent for 1970-71, compared with 18 per cent.

Profits expanded from £390,837 to £1,617,737, after tax of £398,172 (£213,000) net balance was £977,518 compared with £298,838. General reserve is allocated £200,000 (£200,000), dividends absorbed £208,650 (£167,150) and the carry-forward is £861,863 (£624,514).

comment

Up 16p to 35p on Friday, Thomas W. Ward has been a strong market recently, helped by two bullish brokers' circulars. What is more the 1970-71 results are slightly better than expected with interest up 27 per cent to lift earnings per share from 22.4p to 28.9p. The cement side accounts for a large slice of this advance as the 83 per cent jump in profits before tax and loan stock interest. Elsewhere the iron and steel division came out virtually unchanged following lower volume

INDEX TO COMPANY HIGHLIGHTS

Company	Page	Col.	Company	Page	Col.
Armour	28	6	Raglan Property	28	6
Associated Dairies	28	4	Ramar Textiles	28	6
F.C. Finance	28	3	Staplegreen	29	3
F.T. Share Service	28	6	U.K. Property	28	2
Medens Trust	28	5	Ward (Thos. W.)	28	1

but better margins while the unexpectedly good performance of two of the crane companies in the second half helped push the engineering side ahead. For the first year the hope is that the dull order position in parts of the engineering division may be offset by reorganisation benefits and the continued advance of, for example, railway engineering. So with last May's selling price increase helping cement and the freeing of scrap metal exports boosting iron and steel the shares look firmly based on a p/e of 12.

Confidence at U.K. Property

Chairman of United Kingdom Property, Mr. H. L. Denton, tells members it is the intention to pursue a policy of expansion based upon the solid foundation achieved through sound investment in past years.

"I have every confidence in the continued good progress of your company's affairs," he says.

Regarding negotiations to acquire the capital of Thames Investment and Securities, he reports that the up-to-date position will be given at the AGM.

As reported on August 18, with details of property revaluation, group pre-tax profit for the year ended June 30, 1971, was £108,477 (£98,066) and the dividend is raised from 16½ per cent to 20 per cent.

In June the group acquired 51 per cent of the capital of South Western Consolidated for a large slice of this advance as the 83 per cent jump in profits before tax and loan stock interest.

Ketton's pre-tax total shows. Elsewhere the iron and steel division came out virtually unchanged following lower volume

incoming orders were on the low side and it will be a struggle for the next few months.

However, there was a "real chance" of pushing ahead over the next two to three years and provision had been made for future expansion with an increase in factory floor space by approximately 60 per cent.

Meeting, Leeds, October 27 at 2.30 p.m.

• comment

The key statistics in Associated Dairies 1970-71 performance are a 50 per cent rise in turnover producing a 66 per cent increase in pre-tax profit, with a concomitant improvement in margins from 3.6 to 4 per cent. Much of this stems from the 1969-70 Asda supermarket expansion programme—it usually takes 12 months for a new unit to realise its full potential—which increased selling space by 50 per cent. In 1970-71 the retail area was again expanded by some 50 per cent and there will be further stores coming into use in 1972, so the group is clearly setting a fast pace. All this is well taken into account in a share price 84 per cent up on the year's low and a historic p/e of 29.3 at 32p.

Medens Trust upsurge

THE South of England banking group Medens Trust reports group pre-tax profit up 40 per cent to £180,894 in the year to June 30, 1971, and the Board has set a £225,000 target for the current 12 months.

A one-for-five scrip issue is proposed and issued capital is to be increased substantially by a 20 per cent increase in share value.

The dividend for 1970-71 is lifted from 15 per cent to 21 per cent, with a final of 15 per cent.

Total assets at the year-end were £5,544,806 (£2,824,593). After

deducting deferred revenue of £890,000 (£285,000) the amount receivable under instalment credit agreements less provisions was £2,519,802 against £1,554,544.

To provide additional working capital during the year, arrangements were concluded under which Phoenix Assurance made a ten-year secured loan of £250,000 and subscribed for 17,000 £1 Ordinary at 23 each.

The trust is now recognised as a Public Revenue Meeting, Newport (IOW), October 26, at 12.15 p.m.

• comment

The key statistics in Associated Dairies 1970-71 performance are a 50 per cent rise in turnover producing a 66 per cent increase in pre-tax profit, with a concomitant improvement in margins from 3.6 to 4 per cent. Much of this stems from the 1969-70 Asda supermarket expansion programme—it usually takes 12 months for a new unit to realise its full potential—which increased selling space by 50 per cent. In 1970-71 the retail area was again expanded by some 50 per cent and there will be further stores coming into use in 1972, so the group is clearly setting a fast pace. All this is well taken into account in a share price 84 per cent up on the year's low and a historic p/e of 29.3 at 32p.

Medens Trust upsurge

THE South of England banking group Medens Trust reports group pre-tax profit up 40 per cent to £180,894 in the year to June 30, 1971, and the Board has set a £225,000 target for the current 12 months.

A one-for-five scrip issue is proposed and issued capital is to be increased substantially by a 20 per cent increase in share value.

The dividend for 1970-71 is lifted from 15 per cent to 21 per cent, with a final of 15 per cent.

Total assets at the year-end were £5,544,806 (£2,824,593). After

deducting deferred revenue of £890,000 (£285,000) the amount receivable under instalment credit agreements less provisions was £2,519,802 against £1,554,544.

To provide additional working capital during the year, arrangements were concluded under which Phoenix Assurance made a ten-year secured loan of £250,000 and subscribed for 17,000 £1 Ordinary at 23 each.

The trust is now recognised as a Public Revenue Meeting, Newport (IOW), October 26, at 12.15 p.m.

• comment

The key statistics in Associated Dairies 1970-71 performance are a 50 per cent rise in turnover producing a 66 per cent increase in pre-tax profit, with a concomitant improvement in margins from 3.6 to 4 per cent. Much of this stems from the 1969-70 Asda supermarket expansion programme—it usually takes 12 months for a new unit to realise its full potential—which increased selling space by 50 per cent. In 1970-71 the retail area was again expanded by some 50 per cent and there will be further stores coming into use in 1972, so the group is clearly setting a fast pace. All this is well taken into account in a share price 84 per cent up on the year's low and a historic p/e of 29.3 at 32p.

Medens Trust upsurge

THE South of England banking group Medens Trust reports group pre-tax profit up 40 per cent to £180,894 in the year to June 30, 1971, and the Board has set a £225,000 target for the current 12 months.

A one-for-five scrip issue is proposed and issued capital is to be increased substantially by a 20 per cent increase in share value.

Associated Dairies' progress

BENEFITS FROM the considerable capital expenditure during the past three years in the dairy and meat and confectionery divisions of Associated Dairies are already beginning to accrue, and chairman, Mr. A. N. Stockdale, is confident the company has embarked on a further successful year.

He reports that growth continues in the existing superstores, and says "We are poised to take advantage of the additional public spending power which should eventually arise from the Government's recent measures."

The company is now trading in 34 superstores, with an overall retail capacity exceeding 1m. square feet. During the past year six stores were opened. A further six are at present in course of construction, all of which are expected to be operational in the early part of 1972. Further suitable sites for development are being sought.

As reported on September 9, group pre-tax profit for the year to May 1, 1971, increased to £2,579,867 (£1,719,182), the dividend is lifted to 14 per cent (9.6 equivalent) and a one-for-four scrip issue is proposed. Turnover expanded from £48,265,000 to £72,200,000.

The dairy division again achieved record profits. There were no major acquisitions or alterations to the processing units and opportunity was taken to consolidate and prepare for changes that could affect the future. Emphasis has been given to the development of the manufacturing side in cheese, cream, and other products, bearing in mind the outlets available through the refrigerated van shop service and superstores.

However, production changes have been put into effect although the results are unlikely to be seen until the second half of the current year.

• comment

The key statistics in Associated Dairies 1970-71 performance are a 50 per cent rise in turnover producing a 66 per cent increase in pre-tax profit, with a concomitant improvement in margins from 3.6 to 4 per cent. Much of this stems from the 1969-70 Asda supermarket expansion programme—it usually takes 12 months for a new unit to realise its full potential—which increased selling space by 50 per cent. In 1970-71 the retail area was again expanded by some 50 per cent and there will be further stores coming into use in 1972, so the group is clearly setting a fast pace. All this is well taken into account in a share price 84 per cent up on the year's low and a historic p/e of 29.3 at 32p.

Medens Trust upsurge

THE South of England banking group Medens Trust reports group pre-tax profit up 40 per cent to £180,894 in the year to June 30, 1971, and the Board has set a £225,000 target for the current 12 months.

A one-for-five scrip issue is proposed and issued capital is to be increased substantially by a 20 per cent increase in share value.

The dividend for 1970-71 is lifted from 15 per cent to 21 per cent, with a final of 15 per cent.

Total assets at the year-end were £5,544,806 (£2,824,593). After

deducting deferred revenue of £890,000 (£285,000) the amount receivable under instalment credit agreements less provisions was £2,519,802 against £1,554,544.

To provide additional working capital during the year, arrangements were concluded under which Phoenix Assurance made a ten-year secured loan of £250,000 and subscribed for 17,000 £1 Ordinary at 23 each.

The trust is now recognised as a Public Revenue Meeting, Newport (IOW), October 26, at 12.15 p.m.

• comment

The key statistics in Associated Dairies 1970-71 performance are a 50 per cent rise in turnover producing a 66 per cent increase in pre-tax profit, with a concomitant improvement in margins from 3.6 to 4 per cent. Much of this stems from the 1969-70 Asda supermarket expansion programme—it usually takes 12 months for a new unit to realise its full potential—which increased selling space by 50 per cent. In 1970-71 the retail area was again expanded by some 50 per cent and there will be further stores coming into use in 1972, so the group is clearly setting a fast pace. All this is well taken into account in a share price 84 per cent up on the year's low and a historic p/e of 29.3 at 32p.

Medens Trust upsurge

THE South of England banking group Medens Trust reports group pre-tax profit up 40 per cent to £180,894 in the year to June 30, 1971, and the Board has set a £225,000 target for the current 12 months.

A one-for-five scrip issue is proposed and issued capital is to be increased substantially by a 20 per cent increase in share value.

The dividend for 1970-71 is lifted from 15 per cent to 21 per cent, with a final of 15 per cent.

Total assets at the year-end were £5,544,806 (£2,824,593). After

deducting deferred revenue of £890,000 (£285,000) the amount receivable under instalment credit agreements less provisions was £2,519,802 against £1,554,544.

To provide additional working capital during the year, arrangements were concluded under which Phoenix Assurance made a ten-year secured loan of £250,000 and subscribed for 17,000 £1 Ordinary at 23 each.

The trust is now recognised as a Public Revenue Meeting, Newport (IOW), October 26, at 12.15 p.m.

• comment

DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Corresponding year	Total year	Total year
Ketton Cement	12½	Oct. 27	10	20	15
Medens Trust	15	Oct. 27	9	21	15
Thos. W. Ward	12½	Oct. 27	10	17½	15

says Mr. Stockdale.

The combined manufacturing unit at Lofthouse is now handling 95 per cent of group production of meat and confectionery products, with daily deliveries of perishables to all areas of retail operations. Currently over 50 per cent of manufactured output is sold through group superstores—a trend expected to accelerate during the year ahead.

Meeting, Leeds, October 27 at 2.30 p.m.

comment

The key statistics in Associated Dairies 1970-71 performance are a 50 per cent rise in turnover producing a 66 per cent increase in pre-tax profit, with a concomitant improvement in margins from 3.6 to 4 per cent. Much of this stems from the 1969-70 Asda supermarket expansion programme—it usually takes 12 months for a new unit to realise its full potential—which increased selling space by 50 per cent. In 1970-71 the retail area was again expanded by some 50 per cent and there will be further stores coming into use in 1972, so the group is clearly setting a fast pace. All this is well taken into account in a share price 84 per cent up on the year's low and a historic p/e of 29.3 at 32p.

Medens Trust upsurge

THE South of England banking group Medens Trust reports group pre-tax profit up 40 per cent to £180,894 in the year to June 30, 1971, and the Board has set a £225,000 target for the current 12 months.

A one-for-five scrip issue is proposed and issued capital is to be increased substantially by a 20 per cent increase in share value.

The dividend for 1970-71 is lifted from 15 per cent to 21 per cent, with a final of 15 per cent.

Total assets at the year-end were £5,544,806 (£2,824,593). After

deducting deferred revenue of £890,000 (£285,000) the amount receivable under instalment credit agreements less provisions was £2,519,802 against £1,554,544.

To provide additional working capital during the year, arrangements were concluded under which Phoenix Assurance made a ten-year secured loan of £250,000 and subscribed for 17,000 £1 Ordinary at 23 each.

The trust is now recognised as a Public Revenue Meeting, Newport (IOW), October 26, at 12.15 p.m.

• comment

The key statistics in Associated Dairies 1970-71 performance are a 50 per cent rise in turnover producing a 66 per cent increase in pre-tax profit, with a concomitant improvement in margins from 3.6 to 4 per cent. Much of this stems from the 1969-70 Asda supermarket expansion programme—it usually takes 12 months for a new unit to realise its full potential—which increased selling space by 50 per cent. In 1970-71 the retail area was again expanded by some 50 per cent and there will be further stores coming into use in 1972, so the group is clearly setting a fast pace. All this is well taken into account in a share price 84 per cent up on the year's low and a historic p/e of 29.3 at 32p.

Medens Trust upsurge

THE South of England banking group Medens Trust reports group pre-tax profit up 40 per cent to £180,894 in the year to June 30, 1971, and the Board has set a £225,000 target for the current 12 months.

A one-for-five scrip issue is proposed and issued capital is to be increased substantially by a 20 per cent increase in share value.

The dividend for 1970-71 is lifted from 15 per cent to 21 per cent, with a final of 15 per cent.

Total assets at the year-end were £5,544,806 (£2,824,593). After

deducting deferred revenue of £890,000 (£285,000) the amount receivable under instalment credit agreements less provisions was £2,519,802 against £1,554,544.

To provide additional working capital during the year, arrangements were concluded under which Phoenix Assurance made a ten-year secured loan of £250,000 and subscribed for 17,000 £1 Ordinary at 23 each.

The trust is now recognised as a Public Revenue Meeting, Newport (IOW), October 26, at 12.15 p.m.

• comment

The key statistics in Associated Dairies 1970-71 performance are a 50 per cent rise in turnover producing a 66 per cent increase in pre-tax profit, with a concomitant improvement in margins from 3.6 to 4 per cent. Much of this stems from the 1969-70 Asda supermarket expansion programme—it usually takes 12 months for a new unit to realise its full potential—which increased selling space by 50 per cent. In 1970-71 the retail area was again expanded by some 50 per cent and there will be further stores coming into use in 1972, so the group is clearly setting a fast pace. All this is well taken into account in a share price 84 per cent up on the year's low and a historic p/e of 29.3 at 32p.

Medens Trust upsurge

THE South of England banking group Medens Trust reports group pre-tax profit up 40 per cent to £180,894 in the year to June 30, 1971, and the Board has set a £225,000 target for the current 12 months.

A one-for-five scrip issue is proposed and issued capital is to be increased substantially by a 20 per cent increase in share value.

The dividend for 1970-71 is lifted from 15 per cent to 21 per cent, with a final of 15 per cent.

Total assets at the year-end were £5,544,806 (£2,824,593). After

deducting deferred revenue of £890,000 (£285,000) the amount receivable under instalment credit agreements less provisions was £2,519,802 against £1,554,544.

Growth potential at Armour

CURRENT YEAR accounts of Armour Trust will reflect the further substantial progress made in the development of the company, says chairman, Mr. F. J. Read.

Present investments together with the resources of management available provide a sound basis for further expansion, he declares.

Such expansion, mainly in fields allied to those in which Armour is already involved, will be designed primarily to develop the overall strength of the company in terms of assets and earnings.

The reorganisation of the company (formerly Liverpool and Manchester Investment Trust) has considerably increased the earnings per share, and Mr. Read is confident that this growth will continue this year.

As reported on September 27, group pre-tax profit for 16 months to April 30, 1971, was £204,074, compared with a forecast of not less than £180,000 and with £17,335 for 1969. The dividend, to be re-evaluated for the year to April 30, is 8 (4) per cent. Turnover for the period was £3,232,796.

A pro-forma balance sheet (assuming 100 per cent ownership) shows group fixed assets of £1,057,000, goodwill arising on the acquisition of shares in subsidiaries £1,468,000, and net current assets £215,000.

Meeting, Colne, Lancashire, Rooms, W.C., October 22, noon.

Ramar improvement hopes

GROUP TURNOVER for the year to August 30, 1971, of Ramar Textiles increased from £2,533,020 to £2,711,530, but pre-tax profit fell from £250,048 to £49,142. There is no final dividend, as known—the maintained interim of 10 per cent, therefore compares with the previous year's 20 per cent.

Of the current year, chairman Mr. H. Howard says although the first half has been affected by reorganisation and its costs, the directors are confident that the second half should show "a great improvement."

The industry is a vulnerable one and the reason for the decline in profitability does not stem from any one particular cause, says Mr. Howard. Rising costs became increasingly difficult to contain.

However, production changes have been put into effect although the results are unlikely to be seen until the second half of the current year.

• comment

The key statistics in Associated Dairies 1970-71 performance are a 50 per cent rise in turnover producing a 66 per cent increase in pre-tax profit, with a concomitant improvement in margins from 3.6 to 4 per cent. Much of this stems from the 1969-70 Asda supermarket expansion programme—it usually takes 12 months for a new unit to realise its full potential—which increased selling space by 50 per cent. In 1970-71 the retail area was again expanded by some 50 per cent and there will be further stores coming into use in 1972, so the group is clearly setting a fast pace. All this is well taken into account in a share price 84 per cent up on the year's low and a historic p/e of 29.3 at 32p.

Medens Trust upsurge

THE South of England banking group Medens Trust reports group pre-tax profit up 40 per cent to £180,894 in the year to June 30, 1971, and the Board has set a £225,000 target for the current 12 months.

A one-for-five scrip issue is proposed and issued capital is to be increased substantially by a 20 per cent increase in share value.

The dividend for 1970-71 is lifted from 15 per cent to 21 per cent, with a final of 15 per cent.

Total assets at the year-end were £5,544,806 (£2,824,593). After

deducting deferred revenue of £890,000 (£285,000) the amount receivable under instalment credit agreements less provisions was £2,519,802 against £1,554,544.

To provide additional working capital during the year, arrangements were concluded under which Phoenix Assurance made a ten-year secured loan of £250,000 and subscribed for 17,000 £1 Ordinary at 23 each.

The trust is now recognised as a Public Revenue Meeting, Newport (IOW), October 26, at 12.15 p.m.

• comment

The key statistics in Associated Dairies 1970-71 performance are a 50 per cent rise in turnover producing a 66 per cent increase in pre-tax profit, with a concomitant improvement in margins from 3.6 to 4 per cent. Much of this stems from the 1969-70 Asda supermarket expansion programme—it usually takes 12 months for a new unit to realise its full potential—which increased selling space by 50 per cent. In 1970-71 the retail area was again expanded by some 50 per cent and there will be further stores coming into use in 1972, so the group is clearly setting a fast pace. All this is well taken into account in a share price 84 per cent up on the year's low and a historic p/e of 29.3 at 32p.

Medens Trust upsurge

ISSUE NEWS AND COMMENT

Francis Parker offer at 35p

Lists open on Thursday October 7 for the offer for sale by Industrial and Commercial Finance Corporation of £1,677,000 Ordinary 10p shares in Francis Parker at 35p per share.

Francis Parker was formed following the acquisition of R. K. Francis by Daniel T. Jackson Dealings in the list were suspended on June 23 pending the merger. During the suspension Francis acquired the capital of John Heaver (Holdings).

Daniel T. Jackson traded as a building and civil engineering contracting company for local and public authorities. Francis acts as the

AUTHORISED UNIT TRUSTS (p***)

Yield %	Yield %	Yield %	Yield %
(a) (i) Albion Unit Trusts Ltd. Albion Unit Trusts Ltd. (1970) 3.00 Albion Unit Trusts Ltd. (1971) 3.00 Albion Unit Trusts Ltd. (1972) 3.00	(a) (ii) Albion Unit Trusts Ltd. Albion Unit Trusts Ltd. (1970) 3.00 Albion Unit Trusts Ltd. (1971) 3.00 Albion Unit Trusts Ltd. (1972) 3.00	(a) (iii) Albion Unit Trusts Ltd. Albion Unit Trusts Ltd. (1970) 3.00 Albion Unit Trusts Ltd. (1971) 3.00 Albion Unit Trusts Ltd. (1972) 3.00	(a) (iv) Albion Unit Trusts Ltd. Albion Unit Trusts Ltd. (1970) 3.00 Albion Unit Trusts Ltd. (1971) 3.00 Albion Unit Trusts Ltd. (1972) 3.00
(a) (v) Albion Unit Trusts Ltd. Albion Unit Trusts Ltd. (1970) 3.00 Albion Unit Trusts Ltd. (1971) 3.00 Albion Unit Trusts Ltd. (1972) 3.00	(a) (vi) Albion Unit Trusts Ltd. Albion Unit Trusts Ltd. (1970) 3.00 Albion Unit Trusts Ltd. (1971) 3.00 Albion Unit Trusts Ltd. (1972) 3.00	(a) (vii) Albion Unit Trusts Ltd. Albion Unit Trusts Ltd. (1970) 3.00 Albion Unit Trusts Ltd. (1971) 3.00 Albion Unit Trusts Ltd. (1972) 3.00	(a) (viii) Albion Unit Trusts Ltd. Albion Unit Trusts Ltd. (1970) 3.00 Albion Unit Trusts Ltd. (1971) 3.00 Albion Unit Trusts Ltd. (1972) 3.00
(a) (ix) Albion Unit Trusts Ltd. Albion Unit Trusts Ltd. (1970) 3.00 Albion Unit Trusts Ltd. (1971) 3.00 Albion Unit Trusts Ltd. (1972) 3.00	(a) (x) Albion Unit Trusts Ltd. Albion Unit Trusts Ltd. (1970) 3.00 Albion Unit Trusts Ltd. (1971) 3.00 Albion Unit Trusts Ltd. (1972) 3.00	(a) (xi) Albion Unit Trusts Ltd. Albion Unit Trusts Ltd. (1970) 3.00 Albion Unit Trusts Ltd. (1971) 3.00 Albion Unit Trusts Ltd. (1972) 3.00	(a) (xii) Albion Unit Trusts Ltd. Albion Unit Trusts Ltd. (1970) 3.00 Albion Unit Trusts Ltd. (1971) 3.00 Albion Unit Trusts Ltd. (1972) 3.00

OFFSHORE AND OVERSEAS FUNDS (p***)

Yield %	Yield %	Yield %	Yield %
(a) (i) Albion Unit Trusts Ltd. Albion Unit Trusts Ltd. (1970) 3.00 Albion Unit Trusts Ltd. (1971) 3.00 Albion Unit Trusts Ltd. (1972) 3.00	(a) (ii) Albion Unit Trusts Ltd. Albion Unit Trusts Ltd. (1970) 3.00 Albion Unit Trusts Ltd. (1971) 3.00 Albion Unit Trusts Ltd. (1972) 3.00	(a) (iii) Albion Unit Trusts Ltd. Albion Unit Trusts Ltd. (1970) 3.00 Albion Unit Trusts Ltd. (1971) 3.00 Albion Unit Trusts Ltd. (1972) 3.00	(a) (iv) Albion Unit Trusts Ltd. Albion Unit Trusts Ltd. (1970) 3.00 Albion Unit Trusts Ltd. (1971) 3.00 Albion Unit Trusts Ltd. (1972) 3.00
(a) (v) Albion Unit Trusts Ltd. Albion Unit Trusts Ltd. (1970) 3.00 Albion Unit Trusts Ltd. (1971) 3.00 Albion Unit Trusts Ltd. (1972) 3.00	(a) (vi) Albion Unit Trusts Ltd. Albion Unit Trusts Ltd. (1970) 3.00 Albion Unit Trusts Ltd. (1971) 3.00 Albion Unit Trusts Ltd. (1972) 3.00	(a) (vii) Albion Unit Trusts Ltd. Albion Unit Trusts Ltd. (1970) 3.00 Albion Unit Trusts Ltd. (1971) 3.00 Albion Unit Trusts Ltd. (1972) 3.00	(a) (viii) Albion Unit Trusts Ltd. Albion Unit Trusts Ltd. (1970) 3.00 Albion Unit Trusts Ltd. (1971) 3.00 Albion Unit Trusts Ltd. (1972) 3.00
(a) (ix) Albion Unit Trusts Ltd. Albion Unit Trusts Ltd. (1970) 3.00 Albion Unit Trusts Ltd. (1971) 3.00 Albion Unit Trusts Ltd. (1972) 3.00	(a) (x) Albion Unit Trusts Ltd. Albion Unit Trusts Ltd. (1970) 3.00 Albion Unit Trusts Ltd. (1971) 3.00 Albion Unit Trusts Ltd. (1972) 3.00	(a) (xi) Albion Unit Trusts Ltd. Albion Unit Trusts Ltd. (1970) 3.00 Albion Unit Trusts Ltd. (1971) 3.00 Albion Unit Trusts Ltd. (1972) 3.00	(a) (xii) Albion Unit Trusts Ltd. Albion Unit Trusts Ltd. (1970) 3.00 Albion Unit Trusts Ltd. (1971) 3.00 Albion Unit Trusts Ltd. (1972) 3.00

Money & Exchanges

Bank Rate 5% (Sept. 2, 1971)

Credit was generally in short supply in the discount market last week with gilt-edged settlements running strongly against the market's favour in the earlier part, while there was a large amount of Treasury bills to be sold, and oil settlements drew money out of the market on Thursday, a day when, in addition, revenue raised through Government disbursements. The disbursements (partly on local authority account) were greater than the revenue transfers on Tuesday, Wednesday and Friday, however, while foreign exchange settlements were in the market's favour on Monday, at least.

EXCHANGE CROSS-RATES

Oct. 1	Frankfurt (New York)	London	American	Swiss
Frankfurt	2.130-2.131	6.00-6.01	1.00-1.01	1.00-1.01
London	1.00-1.01	1.00-1.01	1.00-1.01	1.00-1.01
American	1.00-1.01	1.00-1.01	1.00-1.01	1.00-1.01
Swiss	1.00-1.01	1.00-1.01	1.00-1.01	1.00-1.01

EURO-CURRENCY INTEREST RATES

Oct. 1	starting	1-3 months	3-6 months	6-12 months
London	5.00	5.00	5.00	5.00
Frankfurt	5.00	5.00	5.00	5.00
Paris	5.00	5.00	5.00	5.00
Brussels	5.00	5.00	5.00	5.00

ACCOUNT DEALING DATES

Oct. 1	Oct. 2	Oct. 3	Oct. 4
Oct. 1	Oct. 2	Oct. 3	Oct. 4
Oct. 1	Oct. 2	Oct. 3	Oct. 4
Oct. 1	Oct. 2	Oct. 3	Oct. 4

UNIT TRUST PRICES

Oct. 1	Oct. 2	Oct. 3	Oct. 4
Oct. 1	Oct. 2	Oct. 3	Oct. 4
Oct. 1	Oct. 2	Oct. 3	Oct. 4
Oct. 1	Oct. 2	Oct. 3	Oct. 4

FOREIGN EXCHANGES

Oct. 1	Oct. 2	Oct. 3	Oct. 4
Oct. 1	Oct. 2	Oct. 3	Oct. 4
Oct. 1	Oct. 2	Oct. 3	Oct. 4
Oct. 1	Oct. 2	Oct. 3	Oct. 4

OTHER MARKET RATES

Oct. 1	Oct. 2	Oct. 3	Oct. 4
Oct. 1	Oct. 2	Oct. 3	Oct. 4
Oct. 1	Oct. 2	Oct. 3	Oct. 4
Oct. 1	Oct. 2	Oct. 3	Oct. 4

FORWARD RATES

Oct. 1	Oct. 2	Oct. 3	Oct. 4
Oct. 1	Oct. 2	Oct. 3	Oct. 4
Oct. 1	Oct. 2	Oct. 3	Oct. 4
Oct. 1	Oct. 2	Oct. 3	Oct. 4

ACCOUNT DEALING DATES

Oct. 1	Oct. 2	Oct. 3	Oct. 4
Oct. 1	Oct. 2	Oct. 3	Oct. 4
Oct. 1	Oct. 2	Oct. 3	Oct. 4
Oct. 1	Oct. 2	Oct. 3	Oct. 4

UNIT TRUST PRICES

Oct. 1	Oct. 2	Oct. 3	Oct. 4
Oct. 1	Oct. 2	Oct. 3	Oct. 4
Oct. 1	Oct. 2	Oct. 3	Oct. 4
Oct. 1	Oct. 2	Oct. 3	Oct. 4

REGIONAL MARKETS

Oct. 1	Oct. 2	Oct. 3	Oct. 4
Oct. 1	Oct. 2	Oct. 3	Oct. 4
Oct. 1	Oct. 2	Oct. 3	Oct. 4
Oct. 1	Oct. 2	Oct. 3	Oct. 4

WEEKLY AVERAGES OF U.K. INDICES

Oct. 1	Oct. 2	Oct. 3	Oct. 4
Oct. 1	Oct. 2	Oct. 3	Oct. 4
Oct. 1	Oct. 2	Oct. 3	Oct. 4
Oct. 1	Oct. 2	Oct. 3	Oct. 4

SHARE INFORMATION SERVICE: NOTES

Oct. 1	Oct. 2	Oct. 3	Oct. 4
Oct. 1	Oct. 2	Oct. 3	Oct. 4
Oct. 1	Oct. 2	Oct. 3	Oct. 4
Oct. 1	Oct. 2	Oct. 3	Oct. 4

FINANCIAL TIMES STOCK INDICES

Oct. 1	Oct. 2	Oct. 3	Oct. 4
Oct. 1	Oct. 2	Oct. 3	Oct. 4
Oct. 1	Oct. 2	Oct. 3	Oct. 4
Oct. 1	Oct. 2	Oct. 3	Oct. 4

HIGHS AND LOWS

Oct. 1	Oct. 2	Oct. 3	Oct. 4
Oct. 1	Oct. 2	Oct. 3	Oct. 4
Oct. 1	Oct. 2	Oct. 3	Oct. 4
Oct. 1	Oct. 2	Oct. 3	Oct. 4

S.E. ACTIVITY

Oct. 1	Oct. 2	Oct. 3	Oct. 4
Oct. 1	Oct. 2	Oct. 3	Oct. 4
Oct. 1	Oct. 2	Oct. 3	Oct. 4
Oct. 1	Oct. 2	Oct. 3	Oct. 4

NOTES

Oct. 1	Oct. 2	Oct. 3	Oct. 4
Oct. 1	Oct. 2	Oct. 3	Oct. 4
Oct. 1	Oct. 2	Oct. 3	Oct. 4
Oct. 1	Oct. 2	Oct. 3	Oct. 4

1+1=1

Now we're one.
Röchling'sche Eisen- und
Stahlwerke GmbH
and Burbacher Hütte of ARBED
have merged.
The aim was optimum service
for our customers,
company centralisation,
the adopted policy.
The result is Stahlwerke
Röchling-Burbach GmbH.

1+1=2

We were two.
Two longstanding and successful enterprises, two specialists, double experience.
Twofold assurance of quality.

1+1=3

Stahlwerke Röchling-Burbach GmbH
adds up to more than the total
of its units. Better utilisation
of production plant, larger
capacity, shorter delivery terms.
A diversified production programme,
from wide flanged girders
to super alloys for jet engines.
Joint projects. Future planning.
Two's better than one - and the
customer benefits.

1+1=

RÖCHLING-BURBACH

Two became one: the largest manufacturers of steel sections and bars in the
Federal Republic of Germany.

Stahlwerke
RÖCHLING-BURBACH GmbH
662 Völklingen-Saar.
Postfach 1980

New study shows EEC will benefit major industries

BY JOE ROGALY

MANY MAJOR British industries will benefit if the EEC becomes a member of the Common Market, according to a report published by Political and Economic Planning (PEP) today.

The report is the result of a special study undertaken jointly by PEP and the Centre for European Industrial Studies at Bath University; the authors are Christopher Layton, Y. S. Hu, and Michael Whitehead.

About 20 of the largest British companies were visited in the course of the study, and the authors found reason to believe that membership will benefit coal, vehicle manufacturing, chemicals (in the longer run), aircraft manufacturing (through pan-European companies), computers and possibly mechanical engineering and capital goods.

The authors remain optimistic, but less certainly so, about the eventual prospects for heavy electrical equipment companies (on the ground that the markets will probably open up in the end although they are now fairly tightly controlled).

The future of steel, they say, depends upon Government decisions more than upon the market; flat glass will depend mostly upon the growth of the British economy itself; and "marketing industries," like textiles, shoes and confectionery, will benefit only if specific companies invest in marketing in Europe and prove adept in their methods and choice of products.

Putting it all together, and assuming the Government adopts policies helpful to industry and that management takes advantage of its opportunities, the authors conclude that manufacturing output could be about 5 per cent larger by 1978-80 than it would be if Britain remained outside the Common Market ("Their figures are, they stress, 'guesstimates'").

It is expected that service industries would in consequence be stimulated, that agricultural output would grow, and that demand for some urban services would increase, with the consequence that by the second half of the present decade the gross national product would be increasing by between one-half and 1 per cent more per year than would be the case if we stayed out; the start would be slow but the economy would be "gathering speed from 1973 on."

Mr. Layton has also contributed a not dissimilar chapter to another optimistic work on the EEC to be published in November by Charles Knight for the Federal Trust for Education and Research. Entitled "The Economics of Europe—What the Common Market means for Britain," it is a collection of contributions by 11 economists; it is edited by John Pinder.

This collective enterprise differs from most attempts to

work out what the EEC means for Britain in that it takes into account likely changes in EEC rules themselves in making its estimates—in most previous cases the initial assumption has been that matters will remain as they are, and the arithmetic has been calculated on that static basis.

Cash benefits

A second difference is that an effort is made to grasp the nettle of quantifying, in economists' language, the likely benefits of membership of the EEC; this is a departure from the more usual approach of pro-Marketsters, which is to say that the benefits will be great, but that it is not possible to know what they will be in monetary terms.

On this basis the overall conclusion of the study is that there would be a net benefit to Britain both through the transitional period and from 1977 onwards, when full membership would be achieved.

One of the major essays that contributes towards this conclusion is by Professor John Williamson, formerly a Treasury official, and now of Warwick University.

He has, in his own words, used "tortuous ad bockery" to "brew" a set of figures, some of which he says are "no better than guesses." The end result is a table purporting to estimate the effect of entry into the EEC on U.K. trade in manufactures in 1978.

"I freely confess," says Prof. Williamson of his table, "that I would not wish to stake my professional reputation on the accuracy of the figures." But he does insist that entry will result in a "substantial" increase in trade between Britain and the present six members of the EEC.

and that the effects on the industrial trade balance will be "rather minor."

He is equally tentative about his own conclusions on the likely effect on the growth of the economy. On the projected effect on competition he says that there is no basis on which this can be quantified "with any conviction," and that the size of the benefits "really does depend on the managerial response."

Even so, such estimates, together with an assessment of the theoretical improvement due to increased investment and larger economies of scale, lead Prof. Williamson to his "central guess" that GNP would be improved by 1.5 per cent by the end of the transition period, or 0.3 per cent on the growth rate.

"I think," he says, "I would depend my guesstimate as indicating the order of magnitude of a prudent man might gamble on."

Industry and Europe. PEP broadsheet 531. £1.50, plus 10p post from Research Publications, Victoria Hall, Finsbury Street, East Greenwich, S.E.10.

The Economics of Europe. To be published by Charles Knight and Co. in November.

NEW EXTENSION FOR BLUE CIRCLE

A big extension will be opened today at the Blue Circle group's cement works at Hope, Derbyshire. It is planned to double output for the North of England.

The two new dry-process kilns each produce 600,000 tons of clinker a year. They have been built alongside the five old wet-process kilns, which have been phased out.

BBC sets up body to hear complaints

The Governors of the BBC have set up an independent Programmes Complaints Commission to consider complaints from the public of unfair treatment in radio and television programmes.

The Commissioners will be: Lord Parker, former Lord Chief Justice (Chairman); Lord Maybury-King, former Speaker; Sir Edmund Compton, former Ombudsman. It is expected that they will start work in January.

In setting up the commission the Governors have taken into account public discussion about complaints to the BBC. They believe that the machinery for dealing with complaints works responsibly and equitably.

They recognise, however, that further consideration of a complaint by a group of independent men where the BBC's answer has failed to satisfy the complainant would ensure not only that justice is done but that it should be seen to be done. The BBC will publish the adjudications of the Commission in one of the BBC's journals and, when requested by the Commission, on either radio or television, according to the origin of the complaint. Any action to be taken following an adjudication will be a matter for the BBC.

The terms of reference of the commission relate strictly to complaints from people or organisations who believe themselves to have been treated unjustly or unfairly in connection with a programme or a related series of programmes as broadcast, and do not extend into other fields.

Unless the Commission decides otherwise, complaints will be heard in private and complainants must bear their own costs.

We are pleased to announce that

ROBERT A. BERNHARD

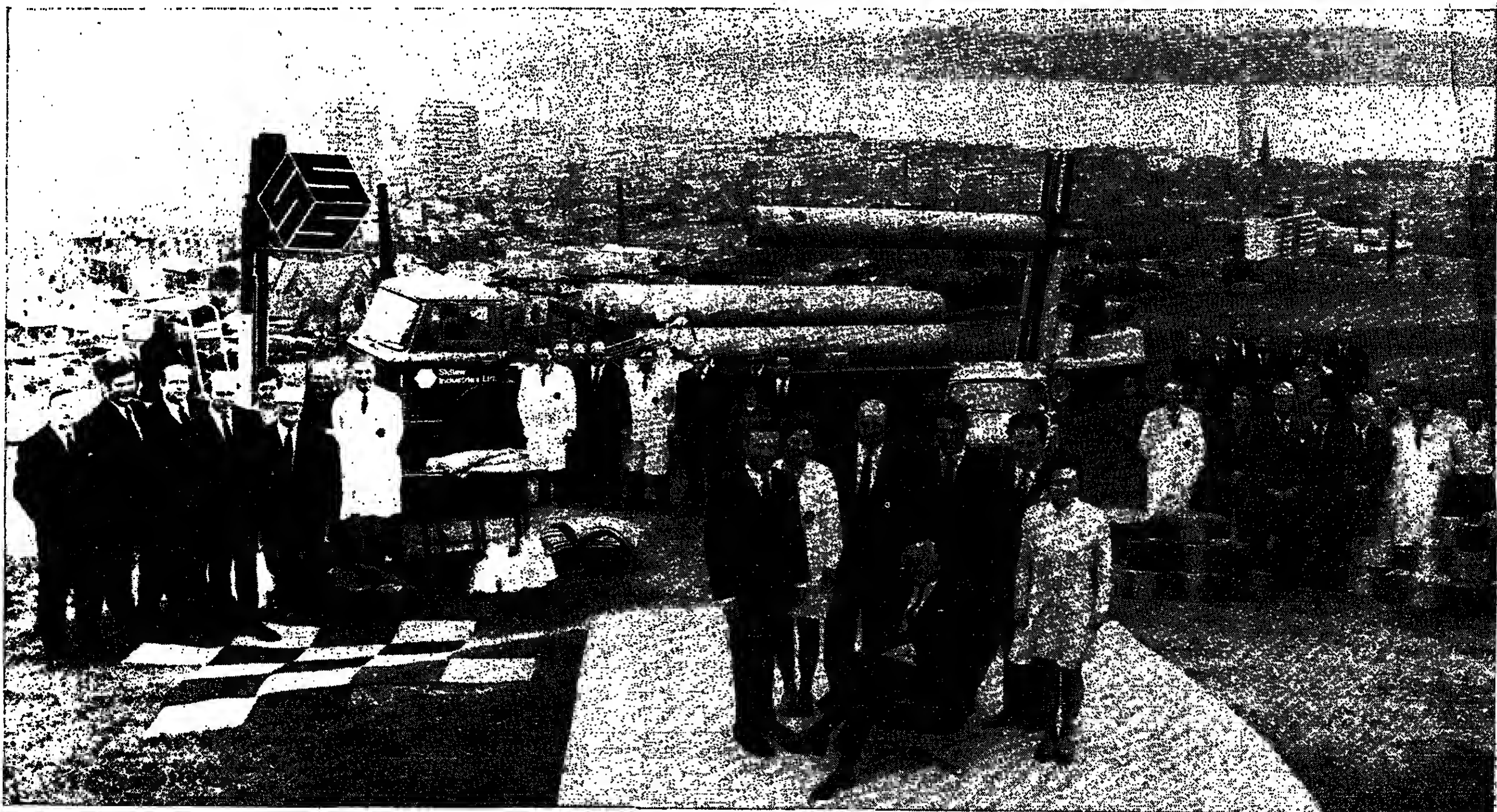
has been admitted to our firm as a

General Partner



ABRAHAM & CO.

Established 1915 • Members N. Y. Stock Exchange, Inc. & other leading Stock & Commodity Exchanges
120 Broadway, N. Y. 10005 (212) 732-7200



A view from Sidlaw—a wide Horizon

For 50 years we lived with the good name of Jute Industries. Up to 6 years ago the name described us well. If it was jute, we made it. If it wasn't, please try elsewhere.

Today we remain pre-eminent in jute. But you can also try us with confidence for man-made fibre knitting and weaving yarns, slit-film carpet backings, carpet tiles, fibrillated polypropylene, furnishing fabrics

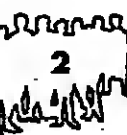
and cranes.

These are areas where we foresee significant growth. That is why we have dropped our single-fibre tag and changed our name to Sidlaw Industries Limited, taken from the hills which overlook our Dundee base.

At the same time we have formed four divisions founded on product groups to give

vigorous attention to the widely differing markets which we now serve, not forgetting our major interests in four expanding man-made fibre associate companies.

So, to introduce the new us, we took to the hills with people and products. You will observe that there is an excellent view of Dundee but an even better sight of a very wide horizon.



- 1 Engineering Division
- 2 General Textiles Division
- 3 International Division
- 4 Jute Industries Division
- 5 Sidlaw Industries Ltd.

Sidlaw Industries Ltd.

Jute Industries Division
General Textiles Division
International Division
Engineering Division

Meadow Place Buildings
Dundee
DD1 9QN
Telephone 0382 23161

Associate companies
Polytape Ltd.
Synthetic Fabrics (Scotland) Ltd.
Cordova Spinners Inc (U.S.A.)
N.V. Fibrile (Belgium)

سيدات لايم

FRANCIS PARKER LIMITED continued

The following is a copy of a Report by the Auditors and Reporting Accountants, Singleton, Fabian, Derbyshire & Co., Chartered Accountants—

The Directors
Francis Parker Limited
Industrial and Commercial Finance Corporation Limited

R. K. Francis & Co. Limited ("Francis") was incorporated on 1st February 1965. Other businesses controlled by Mr. R. K. Francis, the Chairman, were subsequently acquired by Francis and these are hereafter referred to as the "predecessor businesses".
We have audited the accounts of Francis since 1st April 1968 and we have examined the audited accounts of Francis and of the predecessor businesses for the earlier periods.
Other companies have been acquired since 1st April 1968 by Francis substantially for cash and we have audited the accounts of these subsidiary companies from their relevant dates of acquisition.
We report on the profits of Francis from 1st February 1965 and of the predecessor businesses and the following subsidiaries from the dates shown:—

Company	Date from which results are included in our report	Date of acquisition by Francis
Littlehampton Contractors Limited	16th November 1962 when Mr. R. K. Francis held 100% of the shares	Assets purchased 1st April 1966
Messrs. Chowne & Francis	16th November 1963 being predecessor partnership	Assets purchased 1st February 1965
Littlehampton Plastering Company Limited	16th September 1965 when Mr. R. K. Francis held 50% and Mr. A. de la Touche 50% of the shares	Assets purchased 1st April 1967
R. K. Francis (Concrete) Limited	1st June 1967 when Mr. R. K. Francis acquired 95% of the shares	31st December 1968 in exchange for shares
R. K. Francis (Properties) Limited	Non-Trading	11th March 1971
A. L. J. Davis (Public Works) Limited	27th February 1970	27th February 1970 in exchange for cash and shares
R. K. Francis (Building) Limited	27th February 1970	27th February 1970 for cash
Brinston Co. Limited	27th August 1970	27th August 1970 in exchange for cash and shares
B. C. L. Engineering (Arun) Limited	27th August 1970	27th August 1970 for cash
Counterspoint Store Equipment Limited	30th December 1970	30th December 1970 for cash
R. K. Francis (Southern Developments) Limited	27th January 1971	27th January 1971 for cash
C. E. Furnell Limited	No results included	22nd March 1971 for cash

1. **Profits**
In the statement below there are shown in—
Column 1: The net amount (increased or decreased) by Francis, the predecessor businesses and the subsidiaries for services and goods supplied as principals.
Column 2: The combined profits of Francis, the predecessor businesses and the subsidiaries before charging depreciation and taxation, arrived at as set out below.
Column 3: The charges for depreciation of fixed assets, less proportion of investment grants.
Column 4: The combined profit/(loss) of Francis, the predecessor businesses and the subsidiaries before charging taxation.

	1	2	3	4
	External sales	Profits before depreciation and taxation	Depreciation	Profits (Loss) before taxation
44 months ended 31st March 1963	13	141	139	2
Year ended 31st March 1964	40	2,695	522	2,173
1965	48	5,783	790	4,993
1966	115	5,200	1,031	4,169
1967	221	17,582	1,933	15,649
1968	352	19,882	2,338	17,544
1969	421	42,280	7,401	34,879
1970	904	62,088	14,485	47,603
1971	2,169	250,973	48,595	202,378

Notes:
(1) The profits in column 2 have been arrived at after charging all expenses of working and management (including interest payable and Directors' emoluments as charged in the accounts and after making such adjustments as are in our opinion appropriate).
(2) The results of Francis and of the predecessor businesses since their relevant dates of commencement of trade, together with the results of the subsidiaries since their respective dates of acquisition have been incorporated in the above statement.
(3) The charges for depreciation of fixed assets have been calculated for the years ended 31st March 1970 and 1971 on a straight basis at the rate of 15 and 10 per cent per annum in respect of plant and fittings respectively and on a reducing balance basis at the rate of 25 per cent per annum in respect of motor vehicles. Although these rates have not been consistently applied during earlier periods, we have satisfied ourselves that the depreciation charged in those periods would not have been materially different if the above rates had been applied.
(4) Complete records of stocks and work in progress for 1969 and earlier years for all companies are not now available. Accordingly we have been unable to confirm the allocation of profits for 1970 and earlier years. The amounts during these periods H. E. T. Goring & Co., 28, High Street, Littlehampton, Sussex, have, however, confirmed to us that stock and work in progress records were made available to them in connection with the audits of those accounts and they were satisfied that on each occasion the stocks and work in progress were properly taken and valued on a consistent basis.
(5) The concrete products division of John Heaver (Holdings) Limited was transferred to R. K. Francis (Concrete) Limited, partly as at 1st August 1969 and partly as at 1st May 1970 in exchange for shares in R. K. Francis (Concrete) Limited. Assets of the latter company were subsequently transferred to Francis, the total results of R. K. Francis (Concrete) Limited since 1st June 1967 have been incorporated into our report.

2. **Net Tangible Assets**
We show in the following statement the combined net tangible assets of Francis and the subsidiaries based on their audited balance sheets at 31st March 1971:—

	Cost or valuation	Depreciation	Net
Fixed Assets			
Freehold Land and Buildings	21,400	—	21,400
Long Leases	212,117	—	212,117
Short Leases	39,043	—	39,043
Plant, Fittings and Motor Vehicles	476,700	183,956	292,744
Loose Tools	4,705	—	4,705
	£754,045	£183,956	£570,089
Less: Amount outstanding under hire purchase agreements			55,736
			494,353
Current Assets			
Stock, work in progress and developments	£855,785		
Debtors	£70,528		
Cash in hand	915		
	£1,427,306		
Less: Current Liabilities			
Bank Overdrafts (secured)	898,107		
Taxation (including Corporation Tax due 1st January 1972 £80,280)	283,646		
Proposed Dividend	10,980		
	£1,092,733		
Net Current Assets			333,068
Less: Loans (secured)			817,421
			365,000
Less: Tax Equalisation Account			452,421
Investment Grant Equalisation Account	27,660		
	13,164		40,614
Net Tangible Assets			£411,507

Notes:
(A) Stock, Work in Progress and Developments:
(i) Stock has been valued at the lower of cost and net realisable value. Cost of products manufactured by the group consists of direct material and labour costs together with appropriate factory overheads.
(ii) Stock in progress on civil engineering contracts has been valued at cost as defined above together with an appropriate portion of the estimated profit to date.
(iii) Developments have been valued as follows:
(a) Units completed and under offer at midway between cost and selling price less direct selling expenses.
(b) Units uncompleted at cost of land, materials and labour costs with appropriate direct overheads.
(c) Units not yet started at cost of land, materials and labour costs with appropriate direct overheads.
(d) Units not yet started at cost of land, materials and labour costs with appropriate direct overheads.
(e) No accounts have been made up for C. E. Furnell Limited which was acquired on 22nd March 1971. The group has not made up accounts for C. E. Furnell Limited since its acquisition.
(f) Creditors include financing loans of £183,957 secured on development properties and repayable on completion of the work.
(g) The bank overdrafts are secured by a specific charge over all freehold and leasehold properties and by a floating charge over the whole of the undertaking.
(h) Loans from Industrial and Commercial Finance Corporation Limited consist of £130,000 short term and £235,000 long term. Both these loans are secured by specific charges on freehold and leasehold property. The long term loan is repayable by 14 equal annual instalments of £15,000 commencing 31st March 1973 and a final instalment of £25,000 payable on 31st March 1987 and bears interest at 11 per cent per annum.
(i) The tax equalisation account represents corporation tax at a rate of 40 per cent on the excess of taxation reliefs taken on fixed assets eligible for writing down allowances over the accumulated depreciation charged to date in the accounts on these assets.
(j) Capital expenditures at 31st March 1971 contracted for but not provided amounted to £20,000.
(k) Details of the valuations incorporated in the statement of net tangible assets are set out below:—
Long Leases £70,000
Short Leases £28,500
Directors' Independent Chartered 31st March 1970
31st March 1971
31st March 1968
No provision has been made for any liability to corporation tax which might arise if the freehold and leasehold premises were sold for the amounts of the valuations.

3. **Dividends**
Gross dividends have been proposed or paid by Francis on its Convertible Preferred Ordinary Shares as follows:—
Year ended 31st March 1970: £66 on 2,332 Convertible Preferred Ordinary Shares of £1 each.
Year ended 31st March 1971: £1,769 on 6,433 Convertible Preferred Ordinary Shares of £1 each.
Six months to 30th September 1971: £2,161 on 6,433 Convertible Preferred Ordinary Shares of £1 each.
No other dividends have been proposed or paid.

4. **Accounts**
No accounts of Francis or of its subsidiaries have been prepared for submission to the members in respect of any period subsequent to 31st March 1971.
Yours faithfully,
SINGLETON, FABIAN, DERBYSHIRE & CO.

The following is a copy of a joint report by the Auditors, Singleton, Fabian, Derbyshire & Co., Chartered Accountants, and Thomson McLintock & Co., Chartered Accountants, Reporting Accountants and Auditors to Heaver:—
Francis Parker Limited
and
Industrial and Commercial Finance Corporation Limited.
Gentlemen,
We have examined the audited accounts of John Heaver (Holdings) Limited and its subsidiaries (together referred to as "the Heaver group") for the 10 years ended 31st July 1971. With one immaterial exception all subsidiaries are wholly owned.

1. **Profits**
The combined external turnover, depreciation and profits less losses before tax of the Heaver group on the basis explained below have been as follows:—

	1	2	3
	External sales	Depreciation less proportion of investment grants	Combined profits less losses
Year ended 31st July 1962	£'000	£'000	£'000
1962	(not available)	£59,428	£158,373
1963	—	53,256	199,671
1964	—	74,570	306,246
1965	—	96,424	356,972
1966	—	103,136	221,205
1967	—	131,031	248,387
1968	1,812	158,621	228,741
1969	1,813	163,531	222,131
1970	2,037	187,840	227,829
1971	2,399	151,458	138,434

Notes:
(1) The combined profits less losses of the Heaver group shown in column 3 above are stated before taxation but after charging depreciation (less proportion of investment grants) shown in column 2 and all operating expenses including directors' emoluments, and are stated after making such adjustments as we consider appropriate.
(2) The concrete products division of the Heaver group was transferred, partly as at 1st August 1969 and the balance as at 1st May 1970, into an associated company, R. K. Francis (Concrete) Limited, in which a 47 per cent equity interest was held until 15th June 1971, when the interest was acquired by R. K. Francis & Co. Limited. The losses made by the concrete products division prior to transfer are included in the combined profits less losses of the Heaver group shown in column 3 above.
(3) Disposition, which has not exceeded £4,800 in any year because the land being excavated during the period was acquired at low cost many years ago, is included in the depreciation figures shown in column 2 above.

(D) The stock sheets for 1967 and earlier years for all companies, and for all years under review in respect of the concrete products division referred to in Note (2) above, have not been retained; we have accordingly been unable to verify the allocation between years of the combined profits and losses shown in column 3 above for 1969 and earlier years, and of the concrete products division for all years. The auditors of all Heaver group companies for those years, Joseph Biddow & Son, Chartered Accountants, 15 & 17 Edin Street, London, E.C.2, have confirmed to us that all stock sheets were available to them during the course of their audits and they were thus able to confirm the allocation of profits for all years.
(E) The external sales listed in column 1 above for 1968 and later years exclude inter-subsidary and inter-divisional sales; the records that would enable these figures to be extracted for earlier years have not been retained.

2. **Net Tangible Assets**
The net tangible assets of the Heaver group at 31st July 1971, based on the audited accounts at that date, adjusted as we consider appropriate, were as follows:—

	Cost or valuation	Depreciation	Net
Fixed Assets			
Freehold—aggregate-bearing land	1,268,000	—	1,268,000
—other land and buildings	391,000	—	391,000
Leasehold land and buildings (under 50 years)	139,000	—	139,000
Plant and fittings	792,194	573,183	219,011
Dredges	344,887	224,25	322,442
Motor vehicles	306,085	198,498	117,587
	£3,238,166	£784,106	£2,454,060
Current Assets			
Stocks	104,200		
Debtors	611,596		
Investment grants receivable	101,139		
Sale proceeds of land, other fixed assets and trade investments, less estimated taxation			215,018
	£1,931,883		
Less: Current Liabilities			
Creditors	322,241		
Taxation	208,283		
Bank overdraft (secured)	485,847		
Proposed dividend	12,000		
	£1,038,361		
Net Current Assets			293,602
			2,748,662
Less: Loan (secured)			234,000
			2,514,662
Less: Tax Equalisation Account			288,688
Investment Grant Equalisation Account	147,970		
Minority Interest	3,750		
			441,418
Net Tangible Assets			£2,073,239

Notes:
(A) The fixed assets shown above are stated at cost apart from freehold and leasehold land and buildings which are stated at a valuation on a special basis jointly by Henry Dutton & Co. and Edward Symonds & Partners as at 31st July 1971. On disposal at that valuation a liability to corporation tax would arise. Provision has been made for this liability to the extent that it is attributable to the surplus on revaluation of aggregate-bearing land (see Note (E) below).
(B) Stocks of raw materials and spares have been valued at or under cost. Stocks of sand and aggregates have been valued by the Directors at standard estimates of the cost of production, the latter including overheads other than selling and administration.
(C) Sale proceeds of land, other fixed assets and trade investments less estimated taxation comprise:—
(i) Proceeds of sale of land and other fixed assets acquired under the terms of the vesting agreement dated 31st July 1971 by the vendors of shares in John Heaver (Holdings) Limited who have given the company taxation indemnities in respect thereof.
(ii) Proceeds of sale of investment in R. K. Francis (Concrete) Limited less estimated tax on capital gain.
(D) The secured loan shown above was from National Westminster Bank Limited repayable over 54 years from 24th July 1970 with interest at 5½ per cent per annum. In addition John Heaver (Holdings) Limited has guaranteed the repayment of the loan of £225,000 made by Industrial and Commercial Finance Corporation Limited to R. K. Francis & Co. Limited, and such guarantee is secured by a specific charge on one of Heaver's freehold properties.
(E) The tax equalisation account shown above represents provision for corporation tax at 40 per cent on (i) the excess of the net value of plant and fittings, dredges and motor vehicles over the corresponding written-down values for taxation purposes and (ii) the surplus on revaluation of aggregate-bearing lands at 31st July 1971.
(F) Capital expenditures at 31st July 1971 authorised by the directors but not contracted for amounted to £43,000 and contracted for but not provided amounted to £88,000.
(G) Dividends
A dividend of £12,000 gross has been paid for each of the ten years to 31st July 1971. The issued ordinary capital was £15,000 up to 29th July 1971 when it was increased to £16,500.
(H) Accounts
No accounts of the Heaver group have been prepared for submission to the members in respect of any period subsequent to 31st July 1971.

Yours faithfully,
SINGLETON, FABIAN, DERBYSHIRE & CO.
THOMSON MCINTOCK & CO.
Chartered Accountants.

SUPPLEMENTAL INFORMATION ON HISTORY AND BUSINESS

THE COMPANY
In about 1878 Mr. Daniel T. Jackson founded a firm of civil engineering contractors in Barking, Essex, which was incorporated as a private company in 1902 under the name of Daniel T. Jackson Limited. The company was taken over by the end of the 1930s and the Jackson business consisted entirely of civil engineering contracting. In 1944 the share capital of the Company was purchased by the Chairman and his family and there followed an immediate reorganisation which included moving the offices and works of the Jackson business to Ilford and later to Hainault, Essex, the undertaking now being on a much larger scale. It was as a result of developments in 1961 that the Company applied for and obtained quotation on The Stock Exchange, London. The Company then operated mainly in metropolitan Essex and to extend geographically acquired in 1963 and 1966 respectively two smaller companies of building contractors, Joseph Moss & Son Limited of Colchester and John Cracknell (Buildings) Limited of Peterborough. Following these acquisitions the Company entered the business of building and civil engineering contracting for local and public authorities.
At present the Jackson business, based at Colchester, has approximately 375 direct employees engaged in its various activities. In the year to 28th February 1971 some 330 residential units were completed. This year it is expected that 400 units will be developed on 21 estates mainly in Essex and these will be covered by the 10 year guarantee of the National House-Builders' Registration Council, Industrial and Commercial developments are undertaken over the same area of operations and three sites are in the process of construction. Additionally, through its associate company Anglia Commercial Developments Limited ("Anglia"), shared equally with ICFC, the Company is considerably expanding its activities in the industrial and commercial fields. Anglia have made no profit contribution to date and will not make a significant contribution in the year ending 31st March 1972.
The contracting operations under fixed price contracts are now being cut back extensively and will in future represent a smaller part of the turnover. The portfolio of investments, almost entirely industrial and commercial units constructed by the Jackson business, is constantly under review for disposal and replacement with suitable opportunities arise. The Jackson business occupies extensive premises which include joinery works, stores and workshops for plant and vehicle repairs.
Colchester Concrete Company Limited, a subsidiary also based at Colchester, specialises in the manufacture of precast concrete structural units and is participating considerable expansion as a result of the merger.

FRANCIS
Francis (excluding Heaver) is based at Littlehampton and acts as the holding company for nine other wholly owned trading subsidiaries which form an integrated group principally engaged in the fields of manufacturing concrete products, joinery and building and civil engineering contracting. The divisional results of Francis, taken together with those of the subsidiaries, are shown in the statement of net tangible assets of Francis and the subsidiaries based on their audited balance sheets at 31st March 1971. The original of the Francis group is in a business, which was founded as Littlehampton Contractors Limited, formed by Mr. R. K. Francis in 1932 to carry out sub-contract work for the building industry in the specialised field of structural concrete. Between 1933 and 1968 Mr. Francis personally established three allied companies to carry out plastering, joinery and electrical contracting and in 1967 Francis acquired all these activities with the object of undertaking complete building projects either as developer or main contractor.
In 1968 precast concrete manufacturing facilities were established at Ford, Sussex, enabling significant expansion of the concrete flooring business to be achieved. In 1969 this activity was transferred to R. K. Francis (Concrete) Limited and at the same time the company acquired the concrete floor business of Heaver in exchange for a minority equity interest in its share capital, since acquired by Francis (contract 7) below).
In 1970 Francis extended, by acquisition, its activities in the fields of manufacturing building blocks and linings of factory manufacture and of residential development, which had been commenced in 1967 (contracts 1), (3), (4) and (5) below).
During 1971 the Francis group has extended its activities, in particular by the acquisition of the entire issued share capital of Heaver, and by further acquisitions in the concrete and property development areas.

Manufacturing
(a) **Concrete Products**
The Francis group manufactures concrete flooring, precasted lintels and lightweight and dense concrete blocks, joist and beam products, base and bar furniture and precasted concrete slabs. Customers include local contractors to Local Authorities for which the Francis group is a nominated sub-contractor, and through merchants. In all there are approximately 300 accounts for these products principally in Greater London and the South East. No one customer in the year ended 31st March 1971 took more than 45 per cent of total sales. In the year ended 31st March 1971 these activities contributed approximately 40 per cent of the consolidated profits before tax of Francis.
(b) **Joinery**
Joinery manufacture, carried on at Littlehampton and Ford, is concentrated on specialist products, including reproduction period mantels, base and bar furniture and precasted concrete slabs. Customers include local contractors to Local Authorities for which the Francis group is a nominated sub-contractor, and through merchants. In all there are approximately 300 accounts for these products principally in Greater London and the South East. No one customer in the year ended 31st March 1971 took more than 45 per cent of total sales. In the year ended 31st March 1971 these activities contributed approximately 40 per cent of the consolidated profits before tax of Francis.

Building and Developments and Other Activities
In the year ended 31st March 1971 the following activities of the Francis group together contributed approximately 50 per cent of the consolidated profit before tax of Francis.
(a) **Commercial and Industrial**
The Francis group builds for sale and for retention for investment purposes commercial and industrial developments. To date it has built four industrial developments comprising two warehouses (aggregating 45,000 sq. ft.) in Chichester and at Ford, and two industrial estates (aggregating 28,000 sq. ft.) at Chichester and at Worsling. All are in good class tenanted and yield an aggregate gross rental income of £27,000 per annum.
The Company has currently under construction a further 40,000 sq. ft. of warehousing at Ford and 36,000 sq. ft. of industrial factory space at Worthing and Chichester. In addition, a commercial development of 10,000 sq. ft. is under construction at Chichester, comprising shops with flats above.
(b) **Residential Development**
Residential development in houses, bungalows and flats is currently being carried out on nine estates in Sussex. In the year ended 31st March 1971 approximately 100 units were sold mainly in the price range of £25,250 to £37,500. Francis, which is on the register of the National House-Builders' Registration Council, expects to have completed some 200 units during the year to 31st March 1972.
It has not been the policy of Francis to retain land for future development over a long term; in present there are approximately 12 acres of land comprising development potential of approximately 150 units in Essex. The development will commence in the current year, and the majority of which will be in the price range of £7,000 to £13,500. The Directors of Francis do not foresee any difficulties in purchasing further land with planning permission for residential development.

(c) **Other Activities**
A. L. J. Davis (Public Works) Limited is a specialist public works contractor, exclusively involved in the laying of water mains and sewers and the construction of water and sewage treatment works. Contracts are obtained principally by tender. It is based at Ford and operates as a main contractor for local authorities in Greater London and the Southern Home Counties. R. K. Francis (Building) Limited, in addition to carrying out building work for the Francis group's developments, undertakes modernisation schemes for public houses and hotels on a negotiated contract basis. B. C. L. Engineering (Arun) Limited manufactures plant and machinery and concrete lined industrial incinerators at Ford. It is also responsible for the maintenance and repair of all plant, machinery and vehicles owned by the Francis Group.

HEAVER
Heaver's business was started in 1903 by Mr. J. W. T. Heaver, when the first gravel pit became operational. The first processing plant was installed in 1914 and the first mechanical excavator was brought into use in 1926. From these early beginnings has grown the present Heaver group, whose business now comprises interests in gravel and sand extraction, both land-based and marine, and ready mixed concrete manufacture.
Gravel is currently extracted from three pits in the Chichester area, one of which, at Portfield, is almost exhausted. New gravel reserves have been purchased over the years in anticipation of Portfield becoming worked out, and production is due to begin at Lavenham on 1st October 1971. Planning permission has been granted for gravel extraction on 282 acres of this site, which totals 570 acres. This will be a dry pit, and the heggins (unwashed aggregate) will be transported by rail to the processing plant at Portfield approximately three miles away. Special hopper wagons have been built for this job and schedules agreed with British Rail who will operate the service. The two smaller pits currently being worked are at Hambrook and Slinford. Reserves of proven gravel-bearing land are held at Earham (230 acres), Washamstead and Drayton Park (51.8 acres), both areas lying within the area proposed by West Sussex County Council for gravel winning and in addition there is the balance of the land (308 acres) at Lavenham.
Sand production is carried out at a pit at Washington, Sussex, where screening and washing plant is in use.
The marine sand and gravel activities are carried on by a modern dredger, the Chichester City (590 gross commission) registered in 1970, which heaves the sand and gravel from the Solent and English Channel and off-shore at Heaver's wharves at Littlehampton and Portsmouth. A second ship is hired on charter as circumstances warrant. Total marine production for the year to 31st July 1971 was approximately 360,000 cubic yards, equivalent to 33 per cent of total aggregate production.
The ready-mixed concrete division, which was formed in 1959, operates from eight plants, situated in East and West Sussex and Hampshire. The division takes approximately 55 per cent of its concrete aggregate production, and 45 per cent, of sand production. Sales, which in the year to 31st July 1971 totalled £1,807,000, were made to a wide range of customers who include local authorities and a number of well-known contractors. For the year ended 31st July 1971 no customer took more than nine per cent of the turnover of the Heaver group.
The Heaver group operates a modern fleet of 21 spinning wagons, for hauling aggregates, and 45 ready-mixed concrete trucks. These vehicles are maintained in the group's own vehicle workshops at Chichester. On the same site are plant workshops of adequate size to cope with the servicing, and repair, of the group's plant and machinery and the construction of mechanical equipment required for new capital projects.

LAND AND PROPERTIES OF THE GROUP AS AT 31st JULY 1971

The Group (a) occupied the following properties—	Tenure	Site Area (acres)	Function	Net Floor Space (sq. ft.)
Peartree Road, Stanway, Colchester	Freehold	3.75	Jackson Head Office, development and plant workshops	52,500
Harwood Road, Littlehampton, Sussex	Leasehold expiring 2054 at an annual ground rent of £700	0.75	Francis Head Office and joinery works Let to outside parties	11,000 6,000
Portfield, Chichester, Sussex	Freehold	97.80	Heaver Head Office, gravel processing plant, ready mixed concrete plant and block making works	17,000
Colcast Works, Peartree Road, Stanway, Colchester	Freehold	2.40	Pre-cast concrete works	34,000 6,000
Hargrave numbered 1 and 2 and adjacent land at Ford, Sussex	Leasehold expiring 1983 and 1986 respectively at a combined annual rental of £17,500	17.5	Manufacture of concrete products and engineering works	64,000
Land at Arlington near Seaford Littlehampton, Sussex	Freehold	6.00	Concrete block works	12,000
Woodland Avenue, Sheffield	Leasehold. Leases of 42 years from June 1964 at a rent of £1,250 per annum with reviews in 1985, 1992 and 1999	1.58	Wharf on River Arun	
Agreement to lease for 21 years from May 1970 at a rent of £1,250 per annum with reviews in 1977 and 1984	0.90		Railside Quay	
Agreement to lease for 10 years from March 1971 at a rent of £1,750 per annum	0.90		Industrial Site	
Crawley, Sussex	Leasehold. Lease terminating in March 1979 at a rent of £270 per annum	3.08	Ready mixed concrete depot, garage, workshops and store	5,880
Hempshill and Sussex Portsmouth, Hampshire	Freehold	6.41	Five ready mixed concrete depots	
Wharf	Leasehold. Agreement for the lease at a royalty on materials brought on to the site with a minimum rent of £28 000 per annum;	1.40	Wharf	

(b) owned the following completed developments let to outside parties:—	Location	Tenure	Function	Net Floor Space (sq. ft.)
28 factories				131,125
6 shops and living accommodation				3,000
Shop and office block				10,000
10 flats and six houses				14,800
Office and stores				45,000
Office and workshops				
Factory and office (7,000 sq. ft.)				

A copy of this Offer for Sale, having attached thereto the documents specified below, has been delivered to the Registrar of Companies for registration. Application has been made to the Council of The Stock Exchange, London, for permission to deal in and for quotation for the share capital of the Company, issued or to be issued as mentioned below.

The Application List for the Ordinary Shares now offered for sale will open at 10 a.m. on Thursday, 7th October, 1971 and will close at any time thereafter on the same day.

Davies & Newman Holdings Limited

(Incorporated in England under the Companies Act 1908 to 1917)

SHARE CAPITAL

Authorised £1,500,000 in 6,000,000 Ordinary Shares of 25p each Issued or to be issued and fully paid £1,020,000

At 5th August, 1971, the Company and its subsidiaries ("the Group") had outstanding (a) a loan of £1,500,000, equivalent to £867,000 at the exchange rate of \$2.25 to the pound (which is secured by a charge on an aircraft, 3 more engines and certain aircraft spare parts) and (b) share capital under the purchase agreements for aircraft, engines and spares of \$1,011,111 and U.S.\$7,440,000, equivalent to £406,283 at the same exchange rate (of which is additionally secured by charges on 3 aircraft).

The Company has also given a Charge Bond guarantee (valued at £100,000) on behalf of an associated company. Here as disclosed herein, the Group does not have outstanding any bank overdrafts or other similar liabilities, mortgages, charges, debentures or other loan capital, hire-purchase commitments or any guarantees or other material contingent liabilities.

Hambros Bank Limited

offer for sale 1,133,000 Ordinary Shares of 25p each at 130p per Share payable in full on application

The Ordinary Shares now offered for sale rank in full for all dividends hereafter declared or paid on the Ordinary share capital of the Company.

PROCEDURE FOR APPLICATION
Lloyds Bank Limited, Issue Department, P.O. 287, 51 Gracechurch Street, London, E.C.3, will sell 1,133,000 Shares in multiples of 1,000 Shares and 100 Shares, for between 1,000 Shares and 10,000 Shares in multiples of 1,000 Shares and more than 10,000 Shares in multiples of 5,000 Shares. The minimum application is for 100 Shares. Applications must be made on or before 10 a.m. on 7th October, 1971. A separate cheque (drawn on a bank branch in England, Wales or Scotland) must accompany each application. Hambros Bank Limited ("Hambros") reserves the right to present all cheques for payment on receipt, to retain Letters of Acceptance and to reject any application and in particular multiple or assumed multiple applications.

Application monies pending clearance of the successful applicant's cheques and to reject any application and in particular multiple or assumed multiple applications. Preferential consideration will be given up to an aggregate maximum of 100,000 Shares to applications, which must be for 50 Shares or multiples thereof, on the special list. Application Forms available to employees of companies in the Group (including executive Directors of the Company).

Application monies or the balance thereof, as the case may be, will be returned through the post at the applicant's risk. Arrangements will be made for registration by the Company of all Shares now offered for sale, free of stamp duty and registration fees, in the names of purchasers or persons in whose favour Letters of Acceptance have been received, provided that, in the case of remittance, Letters of Acceptance (only completed in accordance with the instructions contained therein) are lodged for verification by 3 p.m. on 24th November, 1971. Share certificates will be issued on 17th December, 1971. Copies of this Offer for Sale with ordinary Application Forms may be obtained from:

HAMBROS BANK LIMITED, Stock Office, 51 Gracechurch Street, London, E.C.3 2AA.
and from the following branches of **LLOYDS BANK LIMITED**:
125 Colmore Row, Birmingham, B3 3AD.
25 Corn Street, Bristol, BS9 7JA.
27 High Street, Cardiff, CF1 1HT.
31/32 Park Row, Leeds, LS1 1JX.
55 Abchurch Lane, London, EC4A 3DF.
31/1 Colindale Avenue, London, NW9 1RH.
LLOYDS BANK LIMITED, Issue Department, P.O. Box 287, 51 Gracechurch Street, London, E.C.3 2AA.
CAZENOVE & CO., 12 Trenchard Street, London, EC2V 7AN.
COOPER BROTHERS & CO., Abchurch House, Gutter Lane, Champs, London, EC2V 8AH (Chartered Accountants).
SECRETARY AND REGISTERED OFFICE, BARTHOLOMEW MARTIN O'NEILL, F.C.A., Bilboa House, 36/38 New Broad Street, London, EC2M 1NH.
REGISTRAR AND TRANSFER OFFICE, LLOYDS BANK LIMITED, Registrar's Department, The Causeway, Goring-by-Sea, Worthing, Sussex.

DIRECTORS
FREDERICK EDWARD FRY NEWMAN, M.C., "Cranebank", Hove (near Brighton), Sussex, (Chairman and Managing Director).
JOHN WINGETT DAVIES, 45 Melbury Road, Kensington, London, W.14, (Deputy Chairman).
ANTHONY HAROLD LANGWORTH, 3 Hunter Road, Wimbledon, London, S.W.20, (Executive Director).
EDWARD JAMES MORDAUNT, "Barleigh", Church Hill, Ashford, Kent, (Executive Director).

BARTHOLOMEW MARTIN O'NEILL, F.C.A., 44b Coppen Road, Beckenham, Kent (Finance Director and Secretary).
HARRY NEIL MARTEN, M.P., Swallowfield House, nr. Banbury, Oxon.
ALAN JOHN ALFRED SNODDEN, 32 Chapel Hill, Staines, Essex (Executive Director).
BANKERS
LLOYDS BANK LIMITED, 39 Threadneedle Street, London, EC2R 8AU.
HAMBROS BANK LIMITED, 51 Gracechurch Street, London, E.C.3 2AA.

RECEIVING BANKERS TO THE OFFER FOR SALE
LLOYDS BANK LIMITED, Issue Department, P.O. Box 287, 51 Gracechurch Street, London, E.C.3 2AA.
BROKERS
CAZENOVE & CO., 12 Trenchard Street, London, EC2V 7AN, and The Stock Exchange, London.
SOLICITORS
To the Company: BIRCHAM & CO., 1 Dean Farrar Street, Westminster, London, SW1H 0DY.
To Hambros Bank Limited: NORTON, ROSE, BOWEN & ROCHF, Kempton House, Cannon Street, Bishopsgate, London, EC4A 3AN.

CHAIRMAN'S LETTER

The following is a copy of a letter to Hambros Bank from Mr. F. E. F. Newman, M.C., the Chairman and Managing Director of the Company: 30th September, 1971.

Dear Sirs, In connection with your Offer for Sale of Ordinary Shares of 25p each of Davies & Newman Holdings Limited ("the Company") I have pleasure in giving you the following information:

History. - The Company was incorporated in 1922 by the late Captain William Davies and the late Mr. Frank Newman to carry on business as shipbrokers, oilbrokers and tanker managers in succession to a company originally established in the 1880s. The Company is now engaged both in the shipping industry and also in the aviation industry. The shipping activities have hitherto been conducted directly by the Company and the aviation activities through Dan-Air Services Limited ("Dan-Air") and a number of other subsidiary companies. However, it is intended in the near future to transfer the shipping activities to a newly formed wholly-owned subsidiary with the name Davies and Newman Limited.

Shipping Activities. - This side of the Company's business is based to a large extent on the Company's long business connections with the major oil companies and with Norwegian and other shipowners. The shipping activities are conducted through the following Departments: - The Tanker Chartering Department. - This Department, which accounts for some 80 per cent. of the turnover of the shipping activities, has expanded over the years through close working links with major British oil companies and with connections in Scandinavia, New York, Paris, Tokyo, Lisbon, Greece, Italy and other parts of the world. The chartering business negotiated by the Department ranges from single voyage charters on which the Company receives a single commission to long term time charters and consecutive voyage charters of from one to twenty years' duration on which the commission is paid in instalments over the duration of the charter. Twenty-year time charters for two tankers, each of about 470,000 tons d.w., the largest vessels yet ordered, have recently been arranged by this Department.

General Chartering Department. - More recently the Company, which is a member of the Baltic Exchange, formed a Department to deal with the chartering of dry cargo vessels and bulk carriers.

Other Departments. - The Company has a Department for the sale and purchase, as agents, of second-hand ships and the placing of shipbuilding contracts. In addition to tankers it deals with all types of vessels from trawlers to liners, negotiating their sale or purchase either for trading purposes or for breaking-up. Further, the Company has a Ship's Agency Department which handles on behalf of shipowners, charterers and other parties calling in the River Thames, at Thameshaven and Canary Island, during the course of a year over 500 vessels are handled by the Department.

Aviation Activities. - In the early 1950s an Air Broking Department was set up and this led to the formation in 1953 of Dan-Air as a wholly-owned subsidiary. Dan-Air expanded rapidly and is now mainly engaged in the growing "package holiday" business under contracts, varying from one to five years, with Charterair, Lufthansa, Global and other well-known tour operators. Dan-Air's share of this business among British airlines was believed to be about 14 per cent. in 1970. At the present time the "package holiday" business accounts for about 80 per cent. of the turnover of the aviation activities; the largest single customer accounts for about 35 per cent. of the turnover of the "package holiday" business. The country to which Dan-Air principally operates "package holidays" is Spain, but a considerable number of such flights is also made to Italy, Greece, Yugoslavia, Germany, Switzerland and other countries. Since 1960 a number of scheduled services have been operated, the domestic services now include the "Link City" service between Bristol, Cardiff, Liverpool, Manchester and Newcastle, and since June, 1971 a service between Leeds and Glasgow; the overseas services are between Liverpool and Amsterdam and between Newcastle and Southern Norway. In November, 1970 Dan-Air obtained a Civil Aviation Authority Board permit which is usual for 5 years) to operate charter flights to the United States, which operations started in February, 1971.

Dan-Air's present fleet includes 11 Conquts, 4 BAC 1-11s and a Boeing 707; a further BAC 1-11 and a Boeing 707 are being acquired for delivery in early 1972. In 1970 the total number of passenger single journeys was about 750,000 and an increase on this figure is expected in the current year.

Dan-Air operates from its main base at Gatwick and subsidiary bases at Luton and Manchester and provides facilities for the handling of its own and a number of other British and foreign airlines' aircraft at Newcastle, Teesside, Liverpool, Bristol and Cardiff, as well as at Gatwick and Luton.

Dan-Air Engineering Limited is a wholly-owned subsidiary mainly engaged in servicing and maintaining Dan-Air's aircraft at Lasham Airfield in Hampshire but also undertakes some outside contracts. Since 1955 this subsidiary has held Air Registration Board approval authorising the carrying out of approved maintenance and this approval now covers all types of piston engine aircraft and certain types of jet aircraft.

Other Activities. - Davies and Newman Travel Limited, a wholly-owned subsidiary, has a shop in the City of London selling inclusive tour holidays. The Group also has interests in airline support activities, including a car hire company at Gatwick (D. & C. Chautem, a subsidiary of 51 per cent. owned by the Company) and a travel agency (Davies & Newman Travel Limited - 50 per cent.) and flight kitchens at Bristol and Teesside (Airways Catering Limited - 50 per cent.). These other activities account for less than 5 per cent. of the turnover of the aviation subsidiaries.

Directors, Management and Staff. - I am 53 and have been employed in the business of the Group, apart from the war years, for the whole of my working life. Mr. J. W. Davies is 63, has been a Director since 1937 and is Deputy Chairman of the Company. Mr. A. H. Langworth, who is 58, joined the Company in 1950 and is the Director in charge of

tanker chartering; he is assisted by Mr. E. J. Mordaunt, who is 48 and has been with the Company since 1946. Mr. B. M. O'Regan, who is 37, is a Chartered Accountant, joined the Company in 1967 and is Finance Director and Secretary. Mr. Neil Marten, M.P., who is 54, is a non-executive Director and has been associated with the Company since 1962. Mr. A. J. A. Snodden, who is 40, joined Dan-Air in 1956 and is now Managing Director of Dan-Air. All six Executive Directors of the Company have entered into Service Agreements (Contracts Nos. (3)-(8) below).

Mr. Frank Horridge is the Technical Director and Assistant Managing Director of Dan-Air; he is 51 and joined the Group in 1956. **Mr. B. V. S. Williams** is the Managing Director of Dan-Air Engineering Limited; he is 53 and joined the Group in 1956. The Group in addition to its technical management is supported by an able team of employees, a number of whom have been with the Group for many years. There are about 80 employees on the shipping side of the business and about 1,200 employees on the aviation side, including about 220 pilots and flight engineers, about 200 air-hostesses, about 450 ground engineers and about 300 other ground staff. **Premises.** - The Group's head offices (comprising some 11,400 sq. ft.) are at Bilboa House, 36/38 New Broad Street, London, EC2M 1NH, and the Group also occupies other administrative offices in London (with an aggregate area of some 8,200 sq. ft.), as well as at Thameshaven, where the Ship's Agency Department's operations are carried on. Dan-Air Engineering Limited holds a lease expiring in 1982 of some 19 acres at Lasham Airfield, where maintenance of the Group's fleet of aircraft is carried out. The leased property at Lasham Airfield consists of two hangars, workshops, stores and administrative offices and Dan-Air has the use of the runway, which is suitable for jet aircraft. The Group owns a freehold house at Lowfield Heath, Sussex, and also occupies offices and workshops at Gatwick, Bristol and Newcastle Airports and offices at Cardiff, Liverpool, Manchester, Teesside, Luton and Tegep (Wessex) Airports and premises at Horsham, Sussex, used for training purposes. All the above premises, except for Lasham and the house at Lowfield Heath, are held on leases expiring not later than the end of 1975. The aggregate annual rental currently payable by the Group is £89,554.

Proceeds of the Issue and Working Capital. - The proceeds of the issue of 880,000 new Ordinary Shares of 25p each being subscribed by Hambros Bank Limited, amounting to £1,075,000 after the estimated expenses of the issue, will be utilised as additional working capital for the Group.

Dan-Air has been able to finance the acquisition of its present fleet by lease purchase and hire-purchase arrangements and aircraft mortgages backed by long term contracts. It is expected that these methods of financing, together with leasing arrangements, will continue to be used for future aircraft requirements.

The Directors are of the opinion that the Group will have sufficient working capital for its present requirements, taking into account the net proceeds of the issue and the facilities available.

Forecast Profits, Dividends and Prospects. - It can be seen from the table of the combined profits of the Group set out in the Accountants' Report that there have over the recent past been satisfactory annual increases in the profits earned. As far as the current year is concerned, the Directors estimate that, in the absence of unforeseen circumstances, there will be a further improvement. Based on unaudited results as shown by management accounts for the seven months ending 31st July, 1971 and on revised budgets for the remaining five months ending 31st December, 1971, it is estimated that the profits, arrived at on the same bases as those set out in the Accountants' Report, will not be less than:

Shipping Activities	390,000
Aviation Subsidiaries (after deduction of minority interests)	530,000
Deduct:	
Interest payable less investment income	80,000
Combined profits before taxation	£840,000
In the event of such profits being earned the Directors would expect to declare an interim dividend of 10 per cent. less income tax, payable about January, 1972, and to recommend a final dividend of 20 per cent. less income tax, payable about July, 1972.	
The following table illustrates the appropriation of profits before taxation of £840,000 and dividends totalling 30 per cent.:	
Profits before taxation	840,000
Less: Corporation Tax at 40 per cent.	336,000
Less:	
Ordinary dividends totalling 30 per cent.	306,000
Leaving a balance of	£198,000

On the basis of dividends totalling 30 per cent. the Ordinary Shares would show a gross return of 5.8 per cent. at the price at which they are now being offered for sale; such dividends would be covered 1.6 times by profits of £504,000 after taxation and the price/earnings ratio would be 10.5.

As regards the future, the departments engaged in shipbroking are well placed to exploit the continued growth of international shipping fleets and expanding world trade. On the aviation side Dan-Air has an important stake in the fast growing "package holiday" market which has trebled in the last five years and the indications appear to be that it will expand further. The Group is also developing the long-haul charter market, mainly to and from the U.S.A. and Canada, and this should be increasingly important in future years.

Yours faithfully
F.E.F. Newman
Chairman

ACCOUNTANTS' REPORT

The following is a copy of a Report by the Company's Auditors, Cooper Brothers & Co., Chartered Accountants: 30th September, 1971.

We have examined the audited accounts of Davies & Newman Holdings Limited (formerly Davies and Newman, Limited) ("the Company") and of its subsidiary companies (together called "the Group") for the years ended 31st December, 1970. We have been auditors of the Company since its incorporation in 1922 and we have been auditors of all the subsidiaries since their incorporation.

The following is a statement of the turnover, depreciation and profits before taxation of the Group for the two accounting periods ended 31st December, 1970 showing separately the results of the shipping activities and the aviation subsidiaries, together with the investment income less interest payable of the Group. The figures have been arrived at on the bases set out in paragraphs 3 and 4 below.

	£	£	£	£	£	(7) and (8)		
Period from								
each April, 1961 to								
25th Feb, 1968	257,142	2,770	138,160	862,318	65,540	(124,115)	21,620	37,674
25th Feb, 1969	280,218	2,906	142,584	930,025	78,706	(148,741)	23,319	37,182
25th Feb, 1970	326,331	3,021	171,838	966,294	76,736	(101,822)	24,839	36,472
25th Feb, 1971	341,810	3,043	173,110	978,296	76,796	(101,822)	24,839	36,472
25th Feb, 1972	345,398		156,824	1,235,546	83,333	(139,999)	32,210	55,035
31st Dec, 1966	279,363	11,788	199,849	1,247,469	98,564	(118,288)	37,405	39,564
31st Dec, 1967	462,469		228,582	2,252,538	21,919	(21,919)	37,405	39,564
31st Dec, 1968	540,629	10,332	282,495	3,620,014	286,499	(94,534)	22,460	384,586
31st Dec, 1969	455,253	6,277	190,769	4,156,462	630,632	(268,474)	(32,041)	477,229
31st Dec, 1970	678,595	7,494	348,329	8,484,329	848,204	(497,002)	(40,430)	765,515
*Period of 10 months ended 31st December, 1966.								

PAPER, PRINTING AND METAL—General Contd.

WRECKING AND METAL—Continued—Contd	Dividends Ordinarily Paid	Stock	Trading Price	Volume	High	Low	Open	Close	Change	HOTELS AND CATERERS—Continued	Dividends Ordinarily Paid	Stock	Trading Price	Volume	High	Low	Open	Close	Change
Mar. Sept. Metal (ny) Steel	216		22.8	374	1.9	5.5	10.0	10.0	—	S. J. W. Co. Current Home Bk	300	6.8	8.0	5.2	6.0	5.15	6.0	0.0150	
Dec. July Metal (ny) Steel	216		22.8	374	1.9	5.5	10.0	10.0	—	Dec. J. W. Co. Current Home Bk	300	6.8	8.0	5.2	6.0	5.15	6.0	0.0150	
Oct. May Steel (ny) Steel	216		22.8	374	1.9	5.5	10.0	10.0	—	Dec. J. W. Co. Current Home Bk	300	6.8	8.0	5.2	6.0	5.15	6.0	0.0150	
Oct. May Steel (ny) Steel	216		22.8	374	1.9	5.5	10.0	10.0	—	Dec. J. W. Co. Current Home Bk	300	6.8	8.0	5.2	6.0	5.15	6.0	0.0150	
Oct. May Steel (ny) Steel	216		22.8	374	1.9	5.5	10.0	10.0	—	Dec. J. W. Co. Current Home Bk	300	6.8	8.0	5.2	6.0	5.15	6.0	0.0150	
Oct. May Steel (ny) Steel	216		22.8	374	1.9	5.5	10.0	10.0	—	Dec. J. W. Co. Current Home Bk	300	6.8	8.0	5.2	6.0	5.15	6.0	0.0150	
Oct. May Steel (ny) Steel	216		22.8	374	1.9	5.5	10.0	10.0	—	Dec. J. W. Co. Current Home Bk	300	6.8	8.0	5.2	6.0	5.15	6.0	0.0150	
Oct. May Steel (ny) Steel	216		22.8	374	1.9	5.5	10.0	10.0	—	Dec. J. W. Co. Current Home Bk	300	6.8	8.0	5.2	6.0	5.15	6.0	0.0150	
Oct. May Steel (ny) Steel	216		22.8	374	1.9	5.5	10.0	10.0	—	Dec. J. W. Co. Current Home Bk	300	6.8	8.0	5.2	6.0	5.15	6.0	0.0150	
Oct. May Steel (ny) Steel	216		22.8	374	1.9	5.5	10.0	10.0	—	Dec. J. W. Co. Current Home Bk	300	6.8	8.0	5.2	6.0	5.15	6.0	0.0150	
Oct. May Steel (ny) Steel	216		22.8	374	1.9	5.5	10.0	10.0	—	Dec. J. W. Co. Current Home Bk	300	6.8	8.0	5.2	6.0	5.15	6.0	0.0150	
Oct. May Steel (ny) Steel	216		22.8	374	1.9	5.5	10.0	10.0	—	Dec. J. W. Co. Current Home Bk	300	6.8	8.0	5.2	6.0	5.15	6.0	0.0150	
Oct. May Steel (ny) Steel	216		22.8	374	1.9	5.5	10.0	10.0	—	Dec. J. W. Co. Current Home Bk	300	6.8	8.0	5.2	6.0	5.15	6.0	0.0150	
Oct. May Steel (ny) Steel	216		22.8	374	1.9	5.5	10.0	10.0	—	Dec. J. W. Co. Current Home Bk	300	6.8	8.0	5.2	6.0	5.15	6.0	0.0150	
Oct. May Steel (ny) Steel	216		22.8	374	1.9	5.5	10.0	10.0	—	Dec. J. W. Co. Current Home Bk	300	6.8	8.0	5.2	6.0	5.15	6.0	0.0150	
Oct. May Steel (ny) Steel	216		22.8	374	1.9	5.5	10.0	10.0	—	Dec. J. W. Co. Current Home Bk	300	6.8	8.0	5.2	6.0	5.15	6.0	0.0150	
Oct. May Steel (ny) Steel	216		22.8	374	1.9	5.5	10.0	10.0	—	Dec. J. W. Co. Current Home Bk	300	6.8	8.0	5.2	6.0	5.15	6.0	0.0150	
Oct. May Steel (ny) Steel	216		22.8	374	1.9	5.5	10.0	10.0	—	Dec. J. W. Co. Current Home Bk	300	6.8	8.0	5.2	6.0	5.15	6.0	0.0150	
Oct. May Steel (ny) Steel	216		22.8	374	1.9	5.5	10.0	10.0	—	Dec. J. W. Co. Current Home Bk	300	6.8	8.0	5.2	6.0	5.15	6.0	0.0150	
Oct. May Steel (ny) Steel	216		22.8	374	1.9	5.5	10.0	10.0	—	Dec. J. W. Co. Current Home Bk	300	6.8	8.0	5.2	6.0	5.15	6.0	0.0150	
Oct. May Steel (ny) Steel	216		22.8	374	1.9	5.5	10.0	10.0	—	Dec. J. W. Co. Current Home Bk	300	6.8	8.0	5.2	6.0	5.15	6.0	0.0150	
Oct. May Steel (ny) Steel	216		22.8	374	1.9	5.5	10.0	10.0	—	Dec. J. W. Co. Current Home Bk	300	6.8	8.0	5.2	6.0	5.15	6.0	0.0150	
Oct. May Steel (ny) Steel	216		22.8	374	1.9	5.5	10.0	10.0	—	Dec. J. W. Co. Current Home Bk	300	6.8	8.0	5.2	6.0	5.15	6.0	0.0150	
Oct. May Steel (ny) Steel	216		22.8	374	1.9	5.5	10.0	10.0	—	Dec. J. W. Co. Current Home Bk	300	6.8	8.0	5.2	6.0	5.15	6.0	0.0150	
Oct. May Steel (ny) Steel	216		22.8	374	1.9	5.5	10.0	10.0	—	Dec. J. W. Co. Current Home Bk	300	6.8	8.0	5.2	6.0	5.15	6.0	0.0150	
Oct. May Steel (ny) Steel	216		22.8	374	1.9	5.5	10.0	10.0	—	Dec. J. W. Co. Current Home Bk	300	6.8	8.0	5.2	6.0	5.15	6.0	0.0150	
Oct. May Steel (ny) Steel	216		22.8	374	1.9	5.5	10.0	10.0	—	Dec. J. W. Co. Current Home Bk	300	6.8	8.0	5.2	6.0	5.15	6.0	0.0150	
Oct. May Steel (ny) Steel	216		22.8	374	1.9	5.5	10.0	10.0	—	Dec. J. W. Co. Current Home Bk	300	6.8	8.0	5.2	6.0	5.15	6.0	0.0150	
Oct. May Steel (ny) Steel	216		22.8	374	1.9	5.5	10.0	10.0	—	Dec. J. W. Co. Current Home Bk	300	6.8	8.0	5.2	6.0	5.15	6.0	0.0150	
Oct. May Steel (ny) Steel	216		22.8	374	1.9	5.5	10.0	10.0	—	Dec. J. W. Co. Current Home Bk	300	6.8	8.0	5.2	6.0	5.15	6.0	0.0150	
Oct. May Steel (ny) Steel	216		22.8	374	1.9	5.5	10.0	10.0	—	Dec. J. W. Co. Current Home Bk	300	6.8	8.0	5.2	6.0	5.15	6.0	0.0150	
Oct. May Steel (ny) Steel	216		22.8	374	1.9	5.5	10.0	10.0	—	Dec. J. W. Co. Current Home Bk	300	6.8	8.0	5.2	6.0	5.15	6.0	0.0150	
Oct. May Steel (ny) Steel	216		22.8	374	1.9	5.5	10.0	10.0	—	Dec. J. W. Co. Current Home Bk	300	6.8	8.0	5.2	6.0	5.15	6.0	0.0150	
Oct. May Steel (ny) Steel	216		22.8	374	1.9	5.5	10.0	10.0	—	Dec. J. W. Co. Current Home Bk	300	6.8	8.0	5.2	6.0	5.15	6.0	0.0150	
Oct. May Steel (ny) Steel	216		22.8	374	1.9	5.5	10.0	10.0	—	Dec. J. W. Co. Current Home Bk	300	6.8	8.0	5.2	6.0	5.15	6.0	0.0150	
Oct. May Steel (ny) Steel	216		22.8	374	1.9	5.5	10.0	10.0	—	Dec. J. W. Co. Current Home Bk	300	6.8	8.0	5.2	6.0	5.15	6.0	0.0150	
Oct. May Steel (ny) Steel	216		22.8	374	1.9	5.5	10.0	10.0	—	Dec. J. W. Co. Current Home Bk	300	6.8	8.0	5.2	6.0	5.15	6.0	0.0150	
Oct. May Steel (ny) Steel	216		22.8	374	1.9	5.5	10.0	10.0	—	Dec. J. W. Co. Current Home Bk	300	6.8	8.0	5.2	6.0	5.15	6.0	0.0150	
Oct. May Steel (ny) Steel	216		22.8	374	1.9	5.5	10.0	10.0	—	Dec. J. W. Co. Current Home Bk	300	6.8	8.0	5.2	6.0	5.15	6.0	0.0150	
Oct. May Steel (ny) Steel	216		22.8	374	1.9	5.5	10.0	10.0	—	Dec. J. W. Co. Current Home Bk	300	6.8	8.0	5.2	6.0	5.15	6.0	0.0150	
Oct. May Steel (ny) Steel	216		22.8	374	1.9	5.5	10.0	10.0	—	Dec. J. W. Co. Current Home Bk	300	6.8	8.0	5.2	6.0	5.15	6.0	0.0150	
Oct. May Steel (ny) Steel	216		22.8	374	1.9	5.5	10.0	10.0	—	Dec. J. W. Co. Current Home Bk	300	6.8	8.0	5.2	6.0	5.15	6.0	0.0150	
Oct. May Steel (ny) Steel	216		22.8	374	1.9	5.5	10.0	10.0	—	Dec. J. W. Co. Current Home Bk	300	6.8	8.0	5.2	6.0	5.15	6.0	0.0150	
Oct. May Steel (ny) Steel	216		22.8	374	1.9	5.5	10.0	10.0	—	Dec. J. W. Co. Current Home Bk	300	6.8	8.0	5.2	6.0	5.15	6.0	0.0150	
Oct. May Steel (ny) Steel	216		22.8	374	1.9	5.5	10.0	10.0	—	Dec. J. W. Co. Current Home Bk	300	6.8	8.0	5.2	6.0	5.15	6.0	0.0150	
Oct. May Steel (ny) Steel	216		22.8	374	1.9	5.5	10.0	10.0	—	Dec. J. W. Co. Current Home Bk	300	6.8	8.0	5.2	6.0	5.15	6.0	0.0150	
Oct. May Steel (ny) Steel	216		22.8	374	1.9	5.5	10.0	10.0	—	Dec. J. W. Co. Current Home Bk	300	6.8	8.0	5.2	6.0	5.15	6.0	0.0150	
Oct. May Steel (ny) Steel	216		22.8	374	1.9	5.5	10.0	10.0	—	Dec. J. W. Co. Current Home Bk	300	6.8	8.0	5.2	6.0	5.15	6.0	0.0150	
Oct. May Steel (ny) Steel	216		22.8	374	1.9	5.5	10.0	10.0	—	Dec. J. W. Co. Current Home Bk	300	6.8	8.0	5.2	6.0	5.15	6.0	0.0150	
Oct. May Steel (ny) Steel	216		22.8	374	1.9	5.5	10.0	10.0	—	Dec. J. W. Co. Current Home Bk	300	6.8	8.0	5.2	6.0	5.15	6.0	0.0150	
Oct. May Steel (ny) Steel	216		22.8	374	1.9	5.5	10.0	10.0	—	Dec. J. W. Co. Current Home Bk	300	6.8	8.0	5.2	6.0	5.15	6.0	0.0150	
Oct. May Steel (ny) Steel	216		22.8	374	1.9	5.5	10.0	10.0	—	Dec. J. W. Co. Current Home Bk	300	6.8	8.0	5.2	6.0	5.15	6.0	0.0150	
Oct. May Steel (ny) Steel	216		22.8	374	1.9	5.5	10.0	10.0	—	Dec. J. W. Co. Current Home Bk	300	6.8	8.0	5.2	6.0	5.15	6.0	0.0150	
Oct. May Steel (ny) Steel	216		22.8	374	1.9	5.5	10.0	10.0	—	Dec. J. W. Co. Current Home Bk	300	6.8	8.0	5.2	6.0	5.15	6.0	0.0150	
Oct. May Steel (ny) Steel	216		22.8	374	1.9	5.5	10.0	10.0	—	Dec. J. W. Co. Current Home Bk	300	6.8	8.0	5.2	6.0	5.15	6.0	0.0150	
Oct. May Steel (ny) Steel	216		22.8	374	1.9	5.5	10.0	10.0	—	Dec. J. W. Co. Current Home Bk	300	6.8	8.0	5.2	6.0	5.15	6.0	0.0150	
Oct. May Steel (ny) Steel	216		22.8	374	1.9	5.5	10.0	10.0	—	Dec. J. W. Co. Current Home Bk	300	6.8	8.0	5.2	6.0	5.15	6.0	0.0150	
Oct. May Steel (ny) Steel	216		22.8	374	1.9	5.5	10.0	10.0	—	Dec. J. W. Co. Current Home Bk	300	6.8	8.0	5.2	6.0	5.15	6.0	0.0150	
Oct. May Steel (ny) Steel	216		22.8	374	1.9	5.5	10.0	10.0	—	Dec. J. W. Co. Current Home Bk	300	6.8	8.0	5.2	6.0	5.15	6.0	0.0150	
Oct. May Steel (ny) Steel	216		22.8	374	1.9	5.5	10.0	10.0	—	Dec. J. W. Co. Current Home Bk	300	6.8	8.0	5.2	6.0	5.15	6.0	0.0150	
Oct. May Steel (ny) Steel	216		22.8	374	1.9	5.5	10.0	10.0	—	Dec. J. W. Co. Current Home Bk	300	6.8	8.0	5.2	6.0	5.15	6.0	0.0150	
Oct. May Steel (ny) Steel	216		22.8	374	1.9	5.5	10.0	10.0	—	Dec. J. W. Co. Current Home Bk	300	6.8	8.0	5.2	6.0	5.15	6.0	0.0150	
Oct. May Steel (ny) Steel	216		22.8	374	1.9	5.5	10.0	10.0	—	Dec. J. W. Co. Current Home Bk	300	6.8	8.0	5.2	6.0	5.15	6.0	0.0150	
Oct. May Steel (ny) Steel	216		22.8	374	1.9	5.5	10.0	10.0	—	Dec. J. W. Co. Current Home Bk	300	6.8	8.0	5.2	6.0	5.15	6.0	0.0150	
Oct. May Steel (ny) Steel	216		22.8	374	1.9	5.5	10.0	10.0	—	Dec. J. W. Co. Current Home Bk	300	6.8	8.0	5.2	6.0	5.15	6.0	0.0150	
Oct. May Steel (ny) Steel	216		22.8	374	1.9	5.5	10.0	10.0	—	Dec. J. W. Co. Current Home Bk	300	6.8	8.0	5.2	6.0	5.15	6.0	0.0150	
Oct. May Steel (ny) Steel	216		22.8	374	1.9	5.5	10.0	10.0	—	Dec. J. W. Co. Current Home Bk	300	6.8							

[illegible][illegible][illegible][illegible][illegible][illegible][illegible][illegible]

100% 90% 80% 70% 60% 50% 40% 30% 20% 10% 0%

[illegible]



Lombard

The great floating contest fiasco

BY C. GORDON TETHER

THE ANNUAL Bretton Woods jamboree ended in style at the weekend with the sporting presentation for visiting delegations organised, as usual, by Sir Gresham Vochan, head of the Academy for Central Bankers at Hetherington.

The afternoon literally opened with a bang when the U.S. entry in the Biggest Splash event—the idea was to see who could produce the tallest jet of water upon leaping into the pool from the high diving-board—detonated a depth-charge which had been surreptitiously tied to his feet. The ensuing upsurge of water swept away two of the stands.

Other teams immediately complained that the use of artificial aids of such a kind was a breach of the rules. But they were promptly informed by the American team manager that there were none, he having taken the precaution of attaching the rule book to the depth-charge. And though his explanation obviously didn't satisfy many of them, it was agreed that it would be wisest to let the matter drop when it was observed that his homelander was orientating himself by lowering new depth-charges into the pool, waiting only for a signal from him to set them off.

British win

After that, things proceeded rather more smoothly for a while. France took the water skiing championship by drawing rings so tightly round the other competitors that eventually they tied themselves up in knots and sank helplessly to the bottom. And the Japanese won the water polo trophy with a fine stone-walling performance which so exhausted their opponents that when they themselves switched to the offensive during the extra time that invariably had to be played, they met with no resistance.

The British competitor took the award for the best free-style water aerobics though only by a majority vote of the judging panel. In which case, it is hardly surprising that the crowd and the officials took the view that the act consisted for the most part of ideas borrowed from other people, disguised with embellishments relating to the dubious proposition that a good fake is better than the genuine article.

The goldfish

The initial entertainment was provided by Jack Russell's famous "Versatile Goldfish," said to be the oldest act in the business. Unfortunately, their trainer's claim that their aquatic capabilities far exceeded those of any man was regarded as provocative by a section of the crowd and it expressed its annoyance by throwing empty beer cans.

However, these remarkable creatures—seemingly unperurbed—carried out their complex routines with a dignity, skill, precision and reliability that would certainly have done credit to any human agency. Indeed, they put their performers to shame and justified the honoured name they bear in such decisive fashion that when they made their final bow, a mighty cheer went up.

There followed the immensely exciting off-loading competition in which the transfer weights from their own trucks to others. But the afternoon's most intriguing event was the "great floating contest"—a buoyancy test for central bankers.

Night spots

The odd thing here was that from the start most of the contestants seemed determined to keep low in the water rather than rise out of it—a phenomenon that clearly embarrassed those sports writers present who have clamoured for the competition to be included in the programme on the grounds that there was "no game to touch it." Indeed, many of the competitors were seen in such danger of drowning that they started frantically grasping their necks, thereby dragging them down. Only Sir Gresham Vochan's quick order to call the whole thing off averted a disaster.

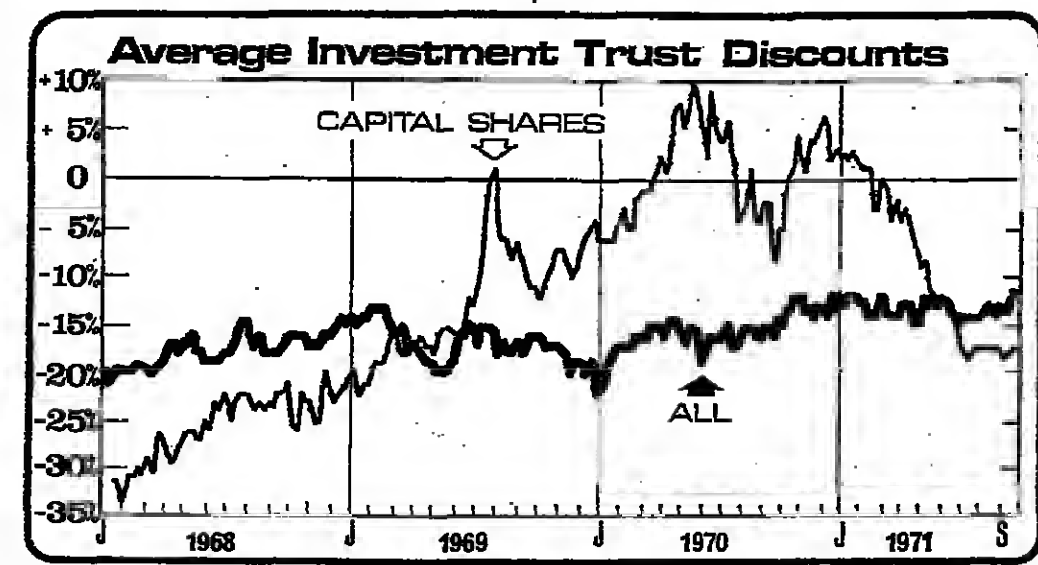
When the competitors were lifted out, the cause of the fiasco immediately became apparent. They had nearly all fastened massive weights to their feet with the obvious intention of making sure they didn't win. But why? That's the question. Was it because of the central banker's traditional distaste for the limelight? Or was it—as some unkind people have suggested—because it had been discovered that the top awards consisted of a year's supply of tickets to chamber music concerts and similar enjoyments, whereas the consolation prize for losers was a conducted tour of the local night spots?

THE LEX COLUMN

Split trusts and market sentiment

On the face of it, this year has supplied the right background for the capital shares of split level investment trusts to show their paces; yet the sector has distinctly failed to live up to its promise. Looking at six of the largest of the genre, it emerges that only one—New Thoroughbred—has outperformed the FT-Actuaries all-share gain of 31 per cent. this year. Several of them—notably Derby Trust and Fundinvest—have lagged badly. A glance at the chart, which is by courtesy of Myers and Co., reveals one reason why this should be so.

Clearly the swing from a small premium on the value of the underlying assets to a discount of nearly a fifth has negated much of the portfolio rises as far as the capital shares are concerned. And there is a good deal of sense in this. Setting aside the relatively early days of 1968, the average capital share discount has followed a consistent pattern—a large discount when the stock market is high, a small one or a premium near the market lows. Thus the



gearing is valued highly when sentiment is in favour of rising prices, and lowly when the market is worried about a downturn.

Another relevant point is that the structure of these trusts cuts the gearing sharply as the assets increase. When the

pioneer, Dualvest, started to 1965 a rise in underlying investments was multiplied 3.25 times for the capital shares; but by last June this gearing factor had dropped to 1.75.

Some quite different reasons can be cited for the recent disappointments of the split

trusts. They have, after all, been selling to a fairly limited market—they are not of much interest to the institutions—and the disintegration of parents' and children's income for tax purposes in the last Budget effectively cut out part of the demand for nil income securi-

ties. Then there were the unhappy launches of the two unit trust vehicles earlier this year, M and G Dual and SPLIT. They soaked up between them £8m. of new investment in capital shares, which is quite a chunk for a specialised sector; in the case of SPLIT, moreover, the underwriter had plenty of shares to unload on an unenthusiastic market.

Furthermore, the increase in the number of warrant stocks introduces a kind of competition for the split level trusts, in the sense that the former also represent a highly geared way of speculating on a bull market. And if anybody wanted ingeniously devised variations on the investment trust theme, he has had more than his fill this year with assorted offerings from Glendevon, Thanet, and Border and Southern.

The notable recent success in this area—Slater Walker Investment Trust—relied more on the promise of performance than on any peculiarities of structure to get itself off the ground. It may well be, in fact,

that basic portfolio performance is the one crucial factor that is letting the established split capital trusts down.

Coming back to Dualvest, the achievement over a little more than six years to June 1971 was a 61 per cent gain in assets, against 72 per cent for the all-share index. No doubt the absence of an overseas content was a handicap over this period, and the basic conflict of interest between income and capital requirements is another problem; at any rate, there is no cause for excitement about the trust's record.

In view of all these adverse pressures against which the split trusts have had to struggle recently, it is arguable that the current large discount is not a straightforward indication of a major market decline to come. But after a gruelling week for equities the pointer deserves to be considered as a guide to sentiment, particularly as another measure of confidence—the unit trust sales trend—is also easier to interpret bearishly than bullishly.

Labour-TUC talks likely on price-pay strategy

BY JOHN ELLIOTT, LABOUR EDITOR

BRIGHTON, Oct. 3.

LABOUR PARTY and TUC leaders are expected to co-operate in joint talks during the next few months aimed at producing an overall economic and labour relations policy which would provide a future Labour Government with a

prices and wages strategy acceptable to the unions, together with a workable alternative to the Industrial Relations Act.

The starting point for these talks, as foreshadowed in the Financial Times last Friday, is the party's new "economic strategy," unemployment and growth" policy statement, which is to be debated here next Wednesday at its annual conference.

The fact that these talks would at least get under way—what they might lead to is a different matter—has emerged here this week-end as various union leaders who fear that another statutory wage freeze might be in the offing from a future Labour Government have been persuaded otherwise.

In key speeches from the conference platform next Wednesday, Mr. Roy Jenkins and Mr. Barbara Castle will, in line with an agreement reached at a meeting of the party's national executive to-day, state that a Government-operated wage freeze is not envisaged. An assurance along these lines will be

bandwaggoned by Mr. Hugh Cuddeford, the Labour Party's spokesman on the industrial relations front, who among the union leaders gathering here this week-end, has been the most worried that "free collective bargaining" might be impeded by a future Labour Government's actions.

To-day, however, some of his fears were allayed in advance. Mr. Jack Jones, of the Transport Workers, said the statement presented "by and large a very good programme which could form the basis for fairly quick talks."

Both party and union leaders appear to expect the talks to get under way at the turn of the year, presumably with some form of report being ready for the annual conference in a year's time. This would mean that TUC leaders would be involved in two series of discussions on the country's economic future at the same time, because it is thought that the National Economic Development Council talks on the country's medium-term economic problems might follow a similar time-table.

No interference

It remains to be seen in this situation how keen union leaders like Mr. Jones and Mr. Scallan are, during the coming months, to push ahead with the present Government and the CBI at the NEC when their prime concern will be to ensure that a future Labour Government does not encounter the wages problems of the last one.

The brief for the talks within the Labour movement is wide. On industrial relations, the resolution which the conference will pass on Tuesday provides no new ideas but instead calls for the Industrial Relations Act to be repealed during the first session of the next Labour Government and to be replaced by legislation protecting unions' traditional rights.

Added to this is a demand that wages and the East's attitude to containers have barely started yet.

In another dispute, talks over the walk-out of the 80,000 bituminous coalminers have been recessed for the week-end. Stocks of coal in the country, power generating industry are said to be adequate for the moment.

Nearly £100,000 worth of British furniture, specially imported for British Week in San Francisco, is out in the harbour on strike.

One big store, W. J. Sloane, overcame the problem of the tied-up ports by air shipping four rooms of contemporary furniture worth over \$70,000 from the U.K. to showrooms in the British Week model rooms in Union Square.

The week, the first in the U.S. was opened on Friday by Princess Alexandra. More than 400 shops, including all the major stores, are taking part.

Containers issue

The use of containers is one of the major causes of the strike on both coasts.

So there is the perverse situation where organised labour appeals for the freeze, and management is anxious that the U.S. President refrain from intervening for under a cooling-off ruling it would have to continue the current benefits.

This is the position of deadlock on the East Coast. The arguments over future hourly

carried out at each stage of a scheme, and which can lead to bitter wrangles.

The experiments, according to the Little Neddy, have shown that the formula is even easier to implement than was originally anticipated, and could lead to a great saving in administrative time and staff.

Although, at present, it could only be applied in public works contracts of over two years duration, its greatest significance may prove to be in the field of shorter contracts.

Criticism

Those are the ones now subject to firm price conditions, despite a bitter attack by the building industry which has repeatedly called for the fixed price period to be reduced to one year.

On the country's balance of payments problem, the document puts forward three alternative solutions. The first two—use of direct import controls or other methods like restrictions on overseas investment—regards as impracticable for a country with the EEC as well as being an ineffective method of trying to restore any loss of competitiveness or profitability displayed in exports.

It therefore comes to the third idea—"to act directly to improve competitiveness and profitability of our exports by changing the exchange value of the pound—by making an orderly realignment to our exchange rate," which it regards as the best of the three when exports come under pressure.

It has been suggested that the Government-owned Rolls-Royce (1971) will offer around £88m. for the aero engine division, a figure which would be unsatisfactory to Mr. Nicholson, the shareholders, and the creditors, since as much as £90m. 196m. is the probable figure at which creditors' claims will be met.

Following the shareholders' meeting, there will be a meeting of creditors, and it is expected that Mr. Kenneth Wickenden, who heads the present creditors' committee, will be elected as one of the liquidators, along with Mr. Nicholson.

Continued from Page 1

Jenkins firm on EEC

"without personal animosity" to answer one question.

"Does this Government have a mandate to take Britain into the EEC? The answer must be no. Why then have members of the Labour Party the right to assist Heath, against the policy of the Conference, to take us in?"

And Mrs. Barbara Castle told the anti-Market meeting that in a party all its leaders had to shoulder the burden of collective leadership. She argued that was the only attitude a person of integrity could take. She did not wish to persecute anyone, but it was the harsh law of politics that she could not have your cake and eat it.

Earlier Mr. Stanley Orme, another Left-winger, made an implied threat against Mr. Jenkins and other pro-Market leaders on the executive or in the Labour Party who come up for election either this week or in November. "We must elect a leadership in this Party who believe in what the Conference is going to pass to-morrow and who

believe in its implementation," he said.

The deputy leader is not elected by this week's conference but by the Parliamentary Labour Party in November. So Mr. Jenkins will not be making a decision on his position as deputy leader for some weeks.

On balance, the most likely course for him is to resign for the period of the six-day Commons debate on the EEC and then run again for election in November, followed later by other pro-Market leaders in the "shadow" Cabinet.

The alternative, which is by no means ruled out, is that he may not resign at all but leave it to the Parliamentary Party to show by its votes whether it wants to re-elect him.

Winding-up move for R-R to-day

By Nicholas Leslie

SHAREHOLDERS in Rolls-Royce are to-day expected to approve a move to wind up the company. This is despite the fact that they have no positive indication of whether the Government will pay sufficient for the massive aero engine division to ensure that shareholders will not lose all their investment. Talks with the Government, on price were adjourned last Thursday, probably for several weeks, after barely an hour's discussion.

Mr. Rupert Nicholson, the company's receiver, is urging a liquidation, one of his main reasons being that shareholders will then be able to take part in the negotiations with the Government. Consequently, a 10-man committee of inspection, comprising five shareholders and five creditors, is expected to be elected to-day to work with the liquidators in the aero engine talks.

The meeting could be a lively one. For, despite no agreement with the Government, many figures have recently been thrown around, and Mr. Nicholson may be pressed to elaborate on his statement last week that there was a chance shareholders will get something.

It has been suggested that the Government-owned Rolls-Royce (1971) will offer around £88m. for the aero engine division, a figure which would be unsatisfactory to Mr. Nicholson, the shareholders, and the creditors, since as much as £90m. 196m. is the probable figure at which creditors' claims will be met.

Following the shareholders' meeting, there will be a meeting of creditors, and it is expected that Mr. Kenneth Wickenden, who heads the present creditors' committee, will be elected as one of the liquidators, along with Mr. Nicholson.

Continued from Page 1

Jenkins firm on EEC

"without personal animosity" to answer one question.

"Does this Government have a mandate to take Britain into the EEC? The answer must be no. Why then have members of the Labour Party the right to assist Heath, against the policy of the Conference, to take us in?"

And Mrs. Barbara Castle told the anti-Market meeting that in a party all its leaders had to shoulder the burden of collective leadership. She argued that was the only attitude a person of integrity could take. She did not wish to persecute anyone, but it was the harsh law of politics that she could not have your cake and eat it.

Earlier Mr. Stanley Orme, another Left-winger, made an implied threat against Mr. Jenkins and other pro-Market leaders on the executive or in the Labour Party who come up for election either this week or in November. "We must elect a leadership in this Party who believe in what the Conference is going to pass to-morrow and who

believe in its implementation," he said.

The deputy leader is not elected by this week's conference but by the Parliamentary Labour Party in November. So Mr. Jenkins will not be making a decision on his position as deputy leader for some weeks.

On balance, the most likely course for him is to resign for the period of the six-day Commons debate on the EEC and then run again for election in November, followed later by other pro-Market leaders in the "shadow" Cabinet.

Lynch may hold IRA extremists

By DOMINICK J. COYLE

THE IRISH Government is moving to restrict publicity for the activities of militant Republican organisations amid speculation that Mr. Lynch, the Prime Minister, may be considering tightening up surveillance on known IRA activists. Some sources here to-day were not excluding the possibility that a number of extremists might soon be detained.

The Government's initial move has been directed against Radio Telefís Eireann (RTE), the State-operated monopoly broadcasting service. Mr. Gerry Collins, the Minister for Posts and Telegraphs, has issued a directive to the RTE authority ordering it "to refrain from broadcasting any matter that could be calculated to promote the aims and activities of any organisation which engages in, promotes, encourages or advocates the attaining of any political objective by violent means."

There was speculation here to-day that the Government might seek to limit publicity for the IRA in the various Irish newspapers, although it was conceded in official circles that this would prove much more difficult—and certainly more controversial—than with the mainly state-financed broadcasting service. However, there is existing authority under which newspapers are prevented from mentioning the IRA as such in print, although the Government has thus far chosen not to enforce it.

In a separate development, the Irish Army is now being used for the first time directly to support the police in their search for militant Republicans who were involved in a recent bank robbery. Saor Eire (Free Ireland) has openly claimed responsibility for this and a number of other armed bank raids. The activities of this extremely militant Republican group prompted Mr. Lynch last December to threaten to introduce internment.

Continued from Page 1

Jenkins firm on EEC

"without personal animosity" to answer one question.

"Does this Government have a mandate to take Britain into the EEC? The answer must be no. Why then have members of the Labour Party the right to assist Heath, against the policy of the Conference, to take us in?"

And Mrs. Barbara Castle told the anti-Market meeting that in a party all its leaders had to shoulder the burden of collective leadership. She argued that was the only attitude a person of integrity could take. She did not wish to persecute anyone, but it was the harsh law of politics that she could not have your cake and eat it.

Earlier Mr. Stanley Orme, another Left-winger, made an implied threat against Mr. Jenkins and other pro-Market leaders on the executive or in the Labour Party who come up for election either this week or in November. "We must elect a leadership in this Party who believe in what the Conference is going to pass to-morrow and who

believe in its implementation," he said.

The deputy leader is not elected by this week's conference but by the Parliamentary Labour Party in November. So Mr. Jenkins will not be making a decision on his position as deputy leader for some weeks.

On balance, the most likely course for him is to resign for the period of the six-day Commons debate on the EEC and then run again for election in November, followed later by other pro-Market leaders in the "shadow" Cabinet.

The alternative, which is by no means ruled out, is that he may not resign at all but leave it to the Parliamentary Party to show by its votes whether it wants to re-elect him.

IRA extremists

By DOMINICK J. COYLE

THE IRISH Government is moving to restrict publicity for the activities of militant Republican organisations amid speculation that Mr. Lynch, the Prime Minister, may be considering tightening up surveillance on known IRA activists. Some sources here to-day were not excluding the possibility that a number of extremists might soon be detained.

The Government's initial move has been directed against Radio Telefís Eireann (RTE), the State-operated monopoly broadcasting service. Mr. Gerry Collins, the Minister for Posts and Telegraphs, has issued a directive to the RTE authority ordering it "to refrain from broadcasting any matter that could be calculated to promote the aims and activities of any organisation which engages in, promotes, encourages or advocates the attaining of any political objective by violent means."

There was speculation here to-day that the Government might seek to limit publicity for the IRA in the various Irish newspapers, although it was conceded in official circles that this would prove much more difficult—and certainly more controversial—than with the mainly state-financed broadcasting service. However, there is existing authority under which newspapers are prevented from mentioning the IRA as such in print, although the Government has thus far chosen not to enforce it.

In a separate development, the Irish Army is now being used for the first time directly to support the police in their search for militant Republicans who were involved in a recent bank robbery. Saor Eire (Free Ireland) has openly claimed responsibility for this and a number of other armed bank raids. The activities of this extremely militant Republican group prompted Mr. Lynch last December to threaten to introduce internment.

Continued from Page 1

Jenkins firm on EEC

"without personal animosity" to answer one question.

"Does this Government have a mandate to take Britain into the EEC? The answer must be no. Why then have members of the Labour Party the right to assist Heath, against the policy of the Conference, to take us in?"

And Mrs. Barbara Castle told the anti-Market meeting that in a party all its leaders had to shoulder the burden of collective leadership. She argued that was the only attitude a person of integrity could take. She did not wish to persecute anyone, but it was the harsh law of politics that she could not have your cake and eat it.

Earlier Mr. Stanley Orme, another Left-winger, made an implied threat against Mr. Jenkins and other pro-Market leaders on the executive or in the Labour Party who come up for election either this week or in November. "We must elect a leadership in this Party who believe in what the Conference is going to pass to-morrow and who

believe in its implementation," he said.

The deputy leader is not elected by this week's conference but by the Parliamentary Labour Party in November. So Mr. Jenkins will not be making a decision on his position as deputy leader for some weeks.

On balance, the most likely course for him is to resign for the period of the six-day Commons debate on the EEC and then run again for election in November, followed later by other pro-Market leaders in the "shadow" Cabinet.

The alternative, which is by no means ruled out, is that he may not resign at all but leave it to the Parliamentary Party to show by its votes whether it wants to re-elect him.

BRC
Specialists in
Reinforced Concrete Design
& Suppliers of Reinforcement

Weather

U.K. TO-DAY
Most places will be dry with sunny spells after overnight fog, but outbreaks of rain are likely in some Eastern districts, especially at first.

London, S.E. & Angle
Misty with some outbreaks of rain at first. Sunny spells developing with perhaps a few showers. Wind light northerly. Max 19C (66F).

Channel Is.
Coastal fog patches. Sunny spells. Max 19C (66F).

Rest of Scotland
Mainly dry with sunny spells. Max 16C (61F).

Outlook: Mainly dry and sunny after early fog, but some rain in N.W.

BUSINESS CENTRES			
City	Yday	Monday	Tuesday
Amsterdam	21	21	21
Bombay	21	21	21
Buenos Aires	21	21	21
Calcutta	21	21	21
Canton	21	21	21
Cebu	21	21	21
Hankow	21	21	21
Harbin	21	21	21
Hong Kong	21	21	21
Kobe	21	21	21
London	21	21	21
Lyons	21	21	21
Manila	21	21	21
Medan	21	21	21
Shanghai	21	21	21
Singapore	21	21	21
Tientsin	21	21	21
Yokohama	21	21	21

HOLIDAY RESORTS			
City	Yday	Monday	Tuesday
Amsterdam	21	21	21
Bombay	21	21	21
Buenos Aires	21	21	21
Calcutta	21	21	21
Canton	21	21	21
Cebu	21	21	21
Hankow	21	21	21
Harbin	21	21	21
Hong Kong	21	21	21
Kobe	21	21	21
London	21	21	21
Lyons	21	21	21
Manila	21	21	21
Medan	21	21	21
Shanghai	21	21	21
Singapore	21	21	21
Tientsin	21	21	21
Yokohama	21	21	21

RETURN TO-DAY AT STANTON AND STAVELEY

Production at Stanton and Staveley's two spin iron plants at Dkston in Derbyshire will be back to normal to-day with the return of 900 miners after an 11-day-old unofficial strike. The men decided to return so that negotiations could start on their pay claim.

The Leicester Permanent: you can get your money when you need it.

Money in the Leicester Permanent is always available whenever you need it—and yet it earns a splendid 5% interest with income tax paid by the Society. Not many other investments give you so much—and first class security too.

Find out more by talking to the manager of your local branch office. He will be pleased to advise you.

Leicester Permanent Building Society
Head Office: Oakley, Leicestershire LE2 4PF. Branch Office addresses—see telephone directory.